

Draft Order laid before Parliament under section 429(3) and (4) of, and paragraph 26(1) and (2)(a) of Schedule 2 to, the Financial Services and Markets Act 2000, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2025 No. 000

FINANCIAL SERVICES

The Financial Services and Markets Act 2000 (Regulated Activities and Miscellaneous Provisions) (Cryptoassets) Order 2025

Made - - - - *****

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

The Treasury make this Order in exercise of the powers conferred by sections 21(5), (6), (9) and (10), 22(1) and (5), 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 this Order is that an activity which is not a regulated activity (within the meaning given in section 22 of the Act) will become a regulated activity.

A draft of this Order was laid before Parliament and approved by a resolution of each House of Parliament pursuant to section 429(3) and (4) of, and paragraph 26(1) and (2)(a) of Schedule 2 to, the Act.

PART 1

General

Citation, commencement and extent

1.—(1) This Order may be cited as the Financial Services and Markets Act 2000 (Regulated Activities and Miscellaneous Provisions) (Cryptoassets) Order 2025.

(2) This Order comes into force 21 days after the day on which it is made for the following purposes—

- (a) enabling the FCA and the PRA—
 - (i) to make or approve rules;
 - (ii) to give guidance; and

(a) 2000 c. 8.

- (iii) to give directions.
- (b) enabling applications for—
 - (i) permission under Part 4A (permission to carry on regulated activities) of the Act (“a Part 4A permission”), under section 55A of the Act;
 - (ii) a variation of a Part 4A permission, under section 55H of the Act; and
 - (iii) approval under Part 5 (performance of regulated activities) of the Act, under section 59 of the Act,
 to be made and determined in relation to any activity which becomes a regulated activity by virtue of this Order;
- (c) enabling the FCA to exercise any of its powers under Part 4A or Part 5 of the Act in relation to any activity which becomes a regulated activity by virtue of this Order.
- (3) This Order comes into force for all other purposes on [###].
- (4) This Order extends to England and Wales, Scotland and Northern Ireland.

Interpretation

2. In this Order—

“the Act” means the Financial Services and Markets Act 2000(a);

“full commencement date” means the date specified by article 1(3) (citation, commencement and extent);

“Financial Promotion Order” means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005(b);

“Regulated Activities Order” means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001(c).

PART 2

Amendment of the Regulated Activities Order

Amendment of the Regulated Activities Order

3.—(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 that has a Part 4A permission to carry on the regulated activity specified by article 90(1)(a) (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets)(d);

“qualifying cryptoasset” has the meaning given by article 88F (qualifying cryptoassets)(e);

“qualifying cryptoasset trading platform” means a system which brings together or facilitates the bringing together of multiple third-party buying and selling interests in qualifying cryptoassets in a way that results in a contract for the exchange of qualifying cryptoassets for—

- (a) money (including electronic money); or
- (b) other qualifying cryptoassets;

(a) 2000 c. 8.

(b) S.I. 2005/1529.

(c) S.I. 2001/544.

(d) Article 90 inserted by article 3(5) of this S.I.

(e) Article 88F inserted by article 3(10) of this S.I.

“qualifying stablecoin” has the meaning given by article 88G (qualifying stablecoin)(a);
“relevant specified investment cryptoasset” has the meaning given by article 9O(4)(a) (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets);

“specified investment cryptoasset” means a cryptoasset that is a specified investment, as specified within Part 3 (specified investments), including where the cryptoasset is a right to or an interest in such a specified investment within article 89 (rights to or interests in investments);”.

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

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

“Sums in exchange for qualifying stablecoin

9AZA. A sum is not a deposit for the purposes of article 5 (accepting deposits) if it is immediately exchanged for qualifying stablecoin, within the scope of the regulated activity specified by article 9M (issuing qualifying stablecoin in the United Kingdom).”.

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

“Chapter 2B

Cryptoassets

Issuing qualifying stablecoin

The activity

Issuing qualifying stablecoin in the United Kingdom

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

(2) For the purposes of paragraph (1), issuing means a person (“A”), established in the United Kingdom, carrying on any of the following activities—

- (a) offering, or arranging for another to offer, a qualifying stablecoin created by or on behalf of A for sale or subscription;
- (b) undertaking, or arranging for another to undertake, to redeem a qualifying stablecoin created by or on behalf of A; or
- (c) carrying on, or arranging for another to carry on, activities designed to maintain the value of the qualifying stablecoin created by or on behalf of A.

(3) For the purposes of paragraph (2)(a), the activity includes where the person (“A”) accepts an invitation from another person (“B”) for B’s purchase of a qualifying stablecoin.

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

- (a) “undertaking” includes where the person (“A”) has assumed (by contractual assignment, variation, operation of law or by any other similar mechanism) an undertaking to redeem a qualifying stablecoin created by, or on behalf of, another; and
- (b) in the situation given by sub-paragraph (a), A is to be treated as having created the qualifying stablecoin.

(5) For the purposes of paragraph (2)—

(a) Article 88G inserted by article 3(10) of this S.I.
(b) Article 9AZA inserted by article 3(4) of this S.I.

- (a) where the person (“A”) is a member of the same group as the person that created the qualifying stablecoin, or on whose behalf the stablecoin was created, then that qualifying stablecoin is to be treated as having been created by or on behalf of A;
- (b) the creation of a qualifying stablecoin includes the design of that qualifying stablecoin.

Exclusions

Issuing qualifying stablecoin: general exclusions

9N. The regulated activity specified by article 9M (issuing qualifying stablecoin in the United Kingdom) does not include the following—

- (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.

Safeguarding of qualifying cryptoassets and specified investment cryptoassets

The activity

Safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets

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

- (a) the safeguarding of qualifying cryptoassets or relevant specified investment cryptoassets on behalf of another; or
- (b) arranging for one or more other persons to carry on that activity.

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

- (a) “safeguarding” means circumstances in which a person (“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 has—
 - (i) both legal and beneficial title;
 - (ii) the beneficial title only; or
 - (iii) a right against C for the return of a qualifying cryptoasset or relevant specified investment cryptoasset.

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

- (i) holding or storing of the means of access, or part of the means of access, to the cryptoasset;
- (ii) appointing one or more other persons to hold or store the means of access, or part of the means of access, to the cryptoasset under an arrangement operated by C.

(4) For the purposes of this article—

- (a) a “relevant specified investment cryptoasset” means a specified investment cryptoasset that is a—
 - (i) security; or
 - (ii) contractually based investment.
- (b) references to a qualifying cryptoasset or a relevant specified investment cryptoasset include the means of access to that cryptoasset;
- (c) references to the “means of access” to a cryptoasset include—
 - (i) a private cryptographic key to that cryptoasset; and

- (ii) one or more parts of that private cryptographic key.

Exclusions

Group activity

9P.—(1) The regulated activity specified by article 9O(1)(a) (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) does not include any activities which a person (“P”) carries on pursuant to arrangements which are—

- (a) operated by an authorised cryptoasset custodian (“C”), who is connected with P, in the course of carrying on the activity in article 9O(1)(a); and
- (b) are ones 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.

Introductions

9Q.—(1) The regulated activity specified by article 9O(1)(b) does not include any arrangements pursuant to which introductions are made by a person (“P”) to an authorised cryptoasset custodian (“C”) for the regulated activity specified by article 9O(1)(a), with a view to C providing in the United Kingdom a service comprising an activity of the kind specified by article 9O(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.

Temporary settlement arrangements

9R. The regulated activities specified by article 9O(1) (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) do not include an arrangement whereby a qualifying cryptoasset or a relevant specified investment cryptoasset is held temporarily to facilitate the settlement of transactions.

Safeguarding: general exclusions

9S.—(1) A person (“P”) is not to be regarded as carrying on the regulated activity specified by article 9O(1)(a) (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) on behalf of a 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 that cryptoasset.

(2) A person (“P”) is not to be regarded as carrying on the regulated activity specified by article 9O(1)(a) (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) on behalf of a person (“A”) unless P holds themselves out as engaging in the business of providing a service in relation to qualifying cryptoassets or relevant specified investment cryptoassets to A, or to a person acting on behalf of A.

(3) A regulated activity specified by article 9O(1) is subject to the exclusions in article 42A (depositories of UK UCITS and AIFs).

Operating a qualifying cryptoasset trading platform

The activity

Operating a qualifying cryptoasset trading platform

9T. 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

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

Exclusions

Absence of holding out etc.

9V.—(1) Subject to paragraph (3), a person (“P”) does not carry on an activity of the kind specified by article 9U (dealing in qualifying cryptoassets as principal) by entering into a transaction which relates to a qualifying cryptoasset unless —

- (a) P holds themselves 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 themselves 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 themselves 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 9U, 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 any person other than—

- (a) an authorised person that is authorised to carry on a regulated activity specified by article 9U;
- (b) a member of the same group as P (referred to in paragraph (1));
- (c) a person who is or who proposes to become participators in a joint enterprise with P (referred to in paragraph (1));

(3) This article does not apply where a person enters into the transaction as bare trustee or, in Scotland, as nominee (“A”) for another person (“B”), where—

- (a) A is acting on that B’s instructions; and
- (b) A does not hold themselves out as providing a service of buying and selling qualifying cryptoassets.

Other exclusions

9W.—(1) The regulated activity specified by article 9U (dealing in qualifying cryptoassets as principal) does not include a person engaging in 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 a blockchain; and
 - (ii) in a transferable form.

(2) The regulated activity specified by article 9U does not include—

- (a) activity where the qualifying cryptoasset is bought, sold, or subscribed for no consideration;
- (b) 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; or
- (c) activity where the qualifying cryptoasset is—
 - (i) issued by; and
 - (ii) sold to or subscribed for by an employee or partner of, the person carrying on the activity;
- (d) the non-public 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.

(3) The regulated activity specified by article 9U does not include any transaction into which a person (“A”) enters as principal with another person (“P”) if P is also acting as principal within the scope of the regulated activity specified by article 9U, and—

- (a) A and P are members of the same group; or
- (b) A and P are, or propose to become, participators in a joint enterprise, and the transaction is entered into for the purposes of or in connection with that enterprise.

(4) The regulated activity specified by article 9U does not include activity which is a regulated activity specified in—

- (a) article 9M (issuing qualifying stablecoin in the United Kingdom);
- (b) article 9T (operating a qualifying cryptoasset trading platform);
- (c) article 9Z7 (qualifying cryptoasset staking).

Dealing in qualifying cryptoassets as agent
The activity

Dealing in qualifying cryptoassets as agent

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

Exclusions

Other exclusions

9Y.—(1) The regulated activity specified by article 9X (dealing in qualifying cryptoassets as agent) does not include a person engaging in 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 a blockchain; and
 - (ii) in a transferable form.

(2) The regulated activity specified by article 9X (dealing in qualifying cryptoassets as agent) does not include—

- (a) activity where the qualifying cryptoasset is bought, sold, or subscribed for no consideration;
- (b) 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; or
- (c) activity where the qualifying cryptoasset is—
 - (i) issued by; and
 - (ii) sold to or subscribed for by an employee or partner of, the person carrying on the activity.

(3) The regulated activity specified by article 9X (dealing in qualifying cryptoassets as agent) does not include activity which is a regulated activity specified in—

- (a) article 9M (issuing qualifying stablecoin in the United Kingdom);
- (b) article 9T (operating a qualifying cryptoasset trading platform);
- (c) article 9Z7 (qualifying cryptoasset staking).

Arranging deals in qualifying cryptoassets

The activity

Arranging deals in qualifying cryptoassets

9Z.—(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 buying, selling, subscribing for or underwriting qualifying cryptoassets falling within paragraph (1), whether as principal or agent, is also a specified kind of activity.

Exclusions

Arrangements not causing a deal

9Z1. The regulated activity specified by article 9Z(1) (arranging deals in qualifying cryptoassets) does not include arrangements which do not, or would not, bring about the transaction to which the arrangements relate.

Introducing

9Z2. The regulated activity specified by article 9Z(2) (arranging deals in qualifying cryptoassets) does not include arrangements where they are solely arrangements under which persons will be introduced to an authorised person that is authorised to carry on a regulated activity specified by this Chapter.

Enabling parties to communicate

9Z3. A person does not carry on an activity of the kind specified by article 9Z(2) (arranging deals in qualifying cryptoassets) merely by providing means by which one party to a transaction, or potential transaction, is able to communicate with other such parties.

Arranging transactions to which the arranger is a party

9Z4.—(1) The regulated activity specified by article 9Z(1) (arranging deals in qualifying cryptoassets) does not include any arrangements for a transaction into which the person making the arrangements enters or is to enter as principal or agent for another person.

(2) The regulated activity specified by article 9Z(2) does not include any arrangements which a person makes with a view to transactions into which he enters or is to enter as principal or agent for another person.

Trustees, nominees and personal representatives

9Z5.—(1) The regulated activity specified by article 9Z (arranging deals in qualifying cryptoassets) does not include 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 they do in addition to any remuneration they receive as trustee or personal representative, and for these purposes A is not to be regarded as receiving additional remuneration merely because their remuneration is calculated by reference to time spent.

Other exclusions

9Z6.—(1) The regulated activity specified by article 9Z (arranging deals in qualifying cryptoassets) does not include a person engaging in 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.

(2) The regulated activity specified by article 9Z does not include—

- (a) activity where the qualifying cryptoasset is bought, sold, or subscribed for no consideration;
- (b) 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; or
- (c) activity where the qualifying cryptoasset is—
 - (i) issued by; and
 - (ii) sold to or subscribed for by an employee or partner of, the person carrying on the activity.

(3) The regulated activity specified by article 9Z does not include arrangements made by a person (“A”) where—

- (a) A is a member of a group and the arrangements in question are 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; or
- (b) A is or proposes to become a participator in a joint enterprise, and the arrangements in question are for, or with a view to, a transaction which is or is to be entered into, as principal, by another person who is or proposes to become a participator in that enterprise, for the purposes of or in connection with that enterprise.

(4) The regulated activity specified by article 9Z does not include a regulated activity specified in—

- (a) article 9M (issuing qualifying stablecoin in the United Kingdom);
- (b) article 9T (operating a qualifying cryptoasset trading platform);

- (c) article 9Z7 (qualifying cryptoasset staking).

Qualifying cryptoasset staking
The activity

Qualifying cryptoasset staking

9Z7.—(1) Making arrangements for qualifying cryptoasset staking is a specified kind of activity.

- (2) In this paragraph—

“blockchain validation” means the validation of transactions on—

(a) a blockchain; or

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

and includes proof of stake DLT consensus mechanisms;

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

Exclusions

Introducing

9Z8. The regulated activity specified by article 9Z7 (qualifying cryptoasset staking) does not include the provision of services solely for the purpose of introducing a person to an authorised person that is authorised to carry on the regulated activity specified by article 9Z7.

Enabling parties to communicate

9Z9. A person does not carry on an activity of the kind specified by article 9Z7 (qualifying cryptoasset staking) merely by providing means by which one party to an arrangement, or potential arrangement, is able to communicate with other such parties.”.

- (6) After article 40(3) (safeguarding and administering investments), insert—

“(4) For the purposes of this article, references to “assets” do not include any cryptoassets to which article 9O (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) applies.”.

- (7) In article 42A (depositories of UK UCITs and AIFs), for “article 40” substitute “articles 9O or 40”.

- (8) In article 64 (agreeing to carry on specified kinds of activity), after “9B,” insert “9M, 9T,”.

- (9) In article 72H (insolvency practitioners), before paragraph (2)(a), insert—

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

- (10) After article 88E (consumer hire agreement), insert—

“Qualifying cryptoassets

88F.—(1) Subject to paragraphs (2) to (4), a “qualifying cryptoasset” is a cryptoasset which is—

(a) fungible; and

(b) transferable.

(2) For the purposes of paragraph (1)(b), the circumstances in which a cryptoasset is to be treated as “transferable” include where—

(a) it confers transferable rights; or

- (b) a communication made in relation to the cryptoasset describes it as being transferable or conferring transferable rights.
- (3) Subject to paragraph (4), a qualifying cryptoasset includes a cryptoasset that is a qualifying stablecoin.
- (4) A cryptoasset does not fall within paragraph (1) if it is—
 - (a) a specified investment cryptoasset, excluding the operation of—
 - (i) article 74A (electronic money); and
 - (ii) article 88F (qualifying cryptoassets);
 - (b) electronic money;
 - (c) fiat currency;
 - (d) central bank digital currency; or
 - (e) 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 in the following ways—
 - (aa) it allows the holder to acquire goods or services from the issuer; or
 - (ab) it allows the holder to acquire goods or services within a limited network of service providers which have direct commercial agreements with the issuer.

Qualifying stablecoin

88G.—(1) Subject to paragraph (2), “qualifying stablecoin” means a qualifying cryptoasset that—

- (a) references a fiat currency; and
- (b) seeks or purports to maintain a stable value in relation to that referenced fiat currency by the issuer holding, or arranging for the holding of—
 - (i) fiat currency; or
 - (ii) fiat currency and other assets,
 irrespective of whether the holding of a fiat currency other than the one referred to in sub-paragraph (a) or other asset contributes to the maintenance of that stable value.

(2) Qualifying stablecoin does not include a cryptoasset comprising or representing a claim for the repayment of a sum of money received by way of deposit, within the scope of article 5 (accepting deposits), excluding the operation of article 9AZA (sums in exchange for qualifying stablecoin), by an authorised person that has Part 4A permission to carry on the regulated activity specified by article 5.”

(11) After article 97 (disapplication of section 49(2) of the Act), insert—

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

98. For the purposes of the FCA making rules in relation to activity within the scope of article 9M (issuing qualifying stablecoin in the United Kingdom), section 137B (FCA general rules: clients’ money, right to rescind etc) of the Act 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.

Application of section 137B of the Act to safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets

99. For the purposes of the FCA making rules in relation to activity within the scope of article 9O (safeguarding of qualifying cryptoassets and relevant specified investment

cryptoassets) so far as it concerns qualifying cryptoassets, section 137B (FCA general rules: clients' money, right to rescind etc) of the Act applies as if—

- (a) references to “clients' money” and “money” include a qualifying cryptoasset or any other asset; and
- (b) references to “accounts” are read as including a reference to wallets or any other form of storing or recording a qualifying cryptoasset.”.

PART 3

Amendment of the Act

Amendment of the Act

4.—(1) The Act is amended as follows.

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

“(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.”.

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

“(6A) The ninth case is where—

- (a) the person (“P”) is carrying on a regulated cryptoasset activity and, in doing so, is involved directly or indirectly in the sale, or subscription of, a qualifying cryptoasset to, or by, a consumer (“C”) in the United Kingdom, and
- (b) there is no other person who is—
 - (i) authorised to carry on a regulated cryptoasset activity of a kind referred to in subsection (6B)(a) or (b),
 - (ii) carrying on that activity in relation to the sale or subscription, and
 - (iii) in doing so is acting as an intermediary between P and C.

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

- (a) article 9T (operating a qualifying cryptoasset trading platform),
- (b) article 9U (dealing in qualifying cryptoassets as principal),
- (c) article 9X (dealing in qualifying cryptoassets as agent),
- (d) article 9Z (arranging deals in qualifying cryptoassets).

(6C) The tenth case is where the person is—

- (a) carrying on a regulated activity specified in—
 - (i) article 9O (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) of the Regulated Activities Order, or
 - (ii) article 9Z7 (qualifying cryptoasset staking) of the Regulated Activities Order,
- (b) is doing so directly or indirectly on behalf of a consumer in the United Kingdom, and
- (c) in the case of a regulated activity specified by article 9O, is not carrying on the activity at the direction of a person who is authorised to carry on a regulated activity of that kind.

(6D) In subsections (6A) to (6C)—

- (a) “consumer” means an individual who is acting for purposes outside those of any trade, business or profession carried on by the individual;

- (b) “directly” means without an intermediary;
- (c) “indirectly” means through an intermediary;
- (d) “Regulated Activities Order” means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;
- (e) 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.”.

PART 4

Amendment of the Financial Promotion Order

Amendment of the Financial Promotion Order

- 5.—(1) The Financial Promotion Order is amended as follows.
- (2) In article 2 (interpretation: general)—
- (a) for the definition of “qualifying cryptoasset” substitute—

““qualifying cryptoasset” has the meaning given by article 88F (qualifying cryptoassets) of the Regulated Activities Order;”;
 - (b) at the appropriate place, insert—

““qualifying stablecoin” has the meaning given by article 88G (qualifying stablecoin) of the Regulated Activities Order;”.
- (3) Omit article 73ZA (certain promotions of qualifying cryptoassets).
- (4) In Schedule 1—
- (a) in Part 1 (controlled activities)—
 - (i) after paragraph 4(3) (arranging deals in investments), insert—

“(4) This paragraph does not apply to activity within the scope of paragraph 7C (qualifying cryptoasset staking)(a).”;
 - (ii) after paragraph 6(4) (safeguarding and administering investments), insert—

“(5) This paragraph does not apply to activity within the scope of paragraph 7A (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets)(b).”;
 - (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 qualifying cryptoassets or relevant specified investment cryptoassets on behalf of another; or
 - (b) arranging for one or more other persons to carry on that activity.
- (2) For the purposes of sub-paragraph (1)—
- (a) “safeguarding” means circumstances in which a person (“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 has—

(a) Paragraph 7B inserted by article 5(4)(iii) of this S.I.
 (b) Paragraph 7A inserted by article 5(4)(iii) of this S.I.

- (i) both legal and beneficial title;
- (ii) the beneficial title only; or
- (iii) a right against C for the return of a qualifying cryptoasset or relevant specified investment cryptoasset.

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

- (i) holding or storing of the means of access, or part of the means of access, to the cryptoasset;
- (ii) appointing one or more other persons to hold or store the means of access, or part of the means of access, to the cryptoasset under an arrangement operated by C.

(4) The controlled activity specified by sub-paragraph (1)(a) does not include any activities which a person (“P”) carries on pursuant to arrangements which are—

- (a) operated by an authorised cryptoasset custodian (“C”), who is connected with P, in the course of carrying on the controlled activity specified by sub-paragraph (1)(a); and
- (b) are ones 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.

(5) The controlled activity specified by sub-paragraph (1)(b) does not include any arrangements pursuant to which introductions are made by a person (“P”) to an authorised cryptoasset custodian (“C”) for the controlled activity specified by sub-paragraph (1)(a), 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.

(6) The controlled activity specified by sub-paragraph (1) does not include an arrangement whereby a qualifying cryptoasset or a relevant specified investment cryptoasset is held temporarily to facilitate the settlement of transactions.

(7) A person (“P”) is not to be regarded as carrying on the controlled activity specified by sub-paragraph (1)(a) on behalf of 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 that cryptoasset.

(8) A person (“P”) is not to be regarded as carrying on the controlled activity specified by sub-paragraph (1)(a) on behalf of person (“A”) unless P holds themselves out as engaging in the business of providing a service in relation to qualifying cryptoassets or relevant specified investment cryptoassets to A, or to a person acting on behalf of A.

(9) For the purposes of this paragraph—

- (a) “authorised cryptoasset custodian” has the meaning given by article 3 (interpretation) of the Regulated Activities Order;
- (b) a “relevant specified investment cryptoasset” means a specified investment cryptoasset that is a—
 - (i) security; or
 - (ii) contractually based investment;
- (c) “specified investment cryptoasset” has the meaning given by article 3 (interpretation) of the Regulated Activities Order;
- (d) references to 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—

- (i) a private cryptographic key to that cryptoasset; and
- (ii) one or more parts of that private cryptographic key;
- (f) an authorised cryptoasset custodian is to be considered 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 for qualifying cryptoasset staking is a controlled activity.

(2) In this paragraph—

“blockchain validation” means the validation of transactions on—

- (a) a blockchain; or
- (b) a network that uses distributed ledger technology (“DLT”) or other similar technology,
and includes proof of stake DLT 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) substitute—

“Qualifying cryptoassets

26F. Qualifying cryptoassets.”.

PART 5

Consequential amendment of other secondary legislation

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

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

(2) After paragraph 3 (pure deposit based schemes) of the Schedule, insert—

“Backing assets or stabilisation mechanism for qualifying stablecoin

3A.—(1) Arrangements do not amount to a collective investment scheme where they constitute arrangements where money or assets are held as the backing assets or the stabilisation mechanism for a qualifying stablecoin.

(2) In this paragraph, “qualifying stablecoin” has the meaning given by article 88G (qualifying stablecoin) of the Regulated Activities Order.”.

(a) S.I. 2001/1062, to which there are amendments not relevant to this amendment.

(3) In paragraph 22(2) (qualifying cryptoasset staking)(a), for the definition of “qualifying cryptoasset” substitute—

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

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

7. In article 3(2) (investment business) of the Financial Services and Markets Act 2000 (Carrying on Regulated Activities by Way of Business) Order 2001(b), before paragraph (2)(a), insert—

- “(za) article 9M (issuing qualifying stablecoin in the United Kingdom);
- (zb) article 9O (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets);
- (zc) article 9T (operating a qualifying cryptoasset trading platform);
- (zd) article 9U (dealing in qualifying cryptoassets as principal);
- (ze) article 9X (dealing in qualifying cryptoassets as agent);
- (zf) article 9Z (arranging deals in qualifying cryptoassets);
- (zg) article 9Z7 (qualifying cryptoasset staking);”.

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

8. In the Financial Services and Markets Act 2000 (Professions) (Non-Exempt Activities) Order 2001(c), after article 4(aa) (activities to which exemption from the general prohibition does not apply), insert—

- “(ab) article 9M (issuing qualifying stablecoin in the United Kingdom);
- (ac) article 9U (dealing in qualifying cryptoassets as principal);
- (ad) article 9Z7 (qualifying cryptoasset staking);”.

Amendment of the Electronic Money Regulations 2011

9. In the Electronic Money Regulations 2011(d), after regulation 3 (electronic money: exclusions), insert—

“Stored monetary value: exclusion

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

- (a) qualifying stablecoin;
- (b) money or assets held as the backing assets or the stabilisation mechanism for a qualifying stablecoin;
- (c) a cryptoasset comprising or representing a claim for the repayment of a sum of money received by way of deposit, within the scope of article 5 (accepting deposits) by an authorised person that has Part 4A permission to carry on the regulated activity specified by that article.

(a) This paragraph inserted by S.I. 2025/17.

(b) S.I. 2001/1177.

(c) S.I. 2001/1227.

(d) S.I. 2011/99.

(2) In this paragraph, “qualifying stablecoin” has the meaning given by article 88G (qualifying stablecoin) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.”.

Amendment of the Alternative Investment Fund Managers Regulations 2013

10. Regulation 3 (meaning of “AIF”) of the Alternative Investment Fund Managers Regulations 2013(a) is amended as follows—

- (a) for paragraph (3)(d) substitute—
 - “(d) a securitisation special purpose entity;
 - (e) an entity comprising arrangements where money or assets are held as the backing assets or the stabilisation mechanism for a qualifying stablecoin.”;
- (b) after paragraph (3), insert—
 - “(4) In this paragraph, “qualifying stablecoin” has the meaning given by article 88G (qualifying stablecoin) of the Regulated Activities Order.”.

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

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

- (2) In regulation 3(1) (general interpretation)—
 - (a) at the appropriate places, insert—
 - ““authorised cryptoasset firm” means an authorised person that is authorised to carry on a regulated activity specified by Chapter 2B (cryptoassets) of the Regulated Activities Order;
 - “Regulated Activities Order” means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;”;
 - (b) in the definition of “contract of long-term insurance”, for “Financial Services and Markets Act 2000 (Regulated Activities) Order 2001” substitute “Regulated Activities Order”.
- (3) For regulation 54(1A) (duty to maintain registers of certain relevant persons) substitute—
 - “(1A) The FCA must maintain a register of those relevant persons who—
 - (a) are—
 - (i) cryptoasset exchange providers; or
 - (ii) custodian wallet providers; and
 - (b) are not authorised cryptoasset firms.”.
- (4) After regulation 56A (transitional provision for existing cryptoasset businesses: requirement to register), insert—

“Requirement that authorised cryptoasset firms acting as cryptoasset exchange providers or custodian wallet providers inform the FCA

56B.—(1) An authorised 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 which—

(a) S.I. 2013/1773.
(b) S.I. 2017/692.

- (a) immediately before the date specified by article 1(3) (citation, commencement and extent) of the Financial Services and Markets Act 2000 (Regulated Activities and Miscellaneous Provisions) (Cryptoassets) Order 2025(a) (“the relevant date”) 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 of the relevant date.
- (3) Where an authorised cryptoasset firm ceases to act as a cryptoasset exchange provider or a custodian wallet provider, it must inform the FCA within 28 days of ceasing to act as such.
- (4) If, at any time after an authorised 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 occurrence of the change or the discovery of the inaccuracy.
- (5) Any information to be provided to the FCA under this regulation must be in such form or 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.”.

PART 6

Savings and transitional provision

SECTION 1

Interpretation and relevant application period

Interpretation

12. In this Part—

“date of final refusal” means the first date on which the conditions for a final refusal in paragraphs (a) and (b) of the definition of a “final refusal” are satisfied;

“final refusal” in relation to application for, or the variation of, a Part 4A permission means where the following conditions are met—

- (a) the FCA has refused an application for—
 - (i) Part 4A permission to carry on a regulated activity specified within Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order; or
 - (ii) the variation of an existing Part 4A permission to include a regulated activity specified within Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order; and
- (b) one of the following is the case—
 - (i) the period for making a valid reference in relation to that refusal has elapsed, with no valid reference having been made; or
 - (ii) a valid reference in relation to that refusal had been made, and that has subsequently been—
 - (aa) rejected by the tribunal, without a further appeal being made;

(a) S.I. 2025/XXXX.

- (bb) rejected by that tribunal, appealed and that appeal process has concluded without the grant of a Part 4A permission for the applicant; or
- (cc) withdrawn from that tribunal;

“Part 4A permission” has the meaning given by section 417 (definitions) of the Act;

“pre-existing contract” means a contract entered into before—

- (a) subject to sub-paragraph (b), whichever is the later of—
 - (i) the date of the final refusal; or
 - (ii) the full commencement date; or
- (b) where a direction is given under article 15(3), the date specified by accordance with article 15(5)(a).

“relevant application period” means the period set by the FCA in accordance with article 13 (relevant application period);

“valid reference” means a reference—

- (a) made by the applicant for—
 - (i) Part 4A permission to carry on a regulated activity specified within Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order; or
 - (ii) the variation of an existing Part 4A permission to include a regulated activity specified within Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order;
- (b) challenging a decision of the FCA to refuse such permission; and
- (c) made under section 55Z3 (right to refer matters to the Tribunal) of the Act to the Upper Tribunal in accordance with the rules for such a reference set out in the Tribunal Procedure (Upper Tribunal) Rules 2008(a) (including the time limit specified by paragraph 2(2) (reference notice) of Schedule 3 to those Rules).

Relevant application period

13.—(1) Not later than 1 year before the full commencement date, the FCA may by direction specify a “relevant application period”, where—

- (a) applications may be made to the FCA for a Part 4A permission, or the variation of an existing Part 4A permission, to carry on a regulated activity specified by Chapter 2B (cryptoassets) of the Regulated Activities Order; and
- (b) whether an application is made to the FCA within that period affects the application of this Part.

(2) A direction made under paragraph (1) must specify the first and last days of the application period, and must comply with the following requirements—

- (a) the first and last day must be separated by a period of not less than 28 days beginning with the first day, and
- (b) there must be a period of at least 28 days, beginning with the day after the last day, before the full commencement date.

(3) The power in paragraph (1) includes the power to amend, revoke or substitute any direction made under that paragraph.

(4) Directions made under paragraph (1) must be published in such a form as the FCA considers appropriate.

(5) The specification of an application period under paragraph (1) does not prevent applications for—

(a) S.I. 2008/2698.

- (a) Part 4A permission to carry on a regulated activity specified within Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order; or
- (b) the variation of an existing Part 4A permission to include a regulated activity specified within Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order,

being made at times outside that period.

SECTION 2

Cryptoasset saving provision

Saving provision for decisions not subject to a final refusal

14.—(1) This section applies to a person where—

- (a) during the relevant application period, that person applied for—
 - (i) Part 4A permission to carry on a regulated activity specified within Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order; or
 - (ii) the variation of an existing Part 4A permission to include a regulated activity specified within Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order; and
- (b) that application has—
 - (i) not been determined by the FCA; or
 - (ii) been refused, where—
 - (aa) the application is not subject to a final refusal; and
 - (bb) that person is not subject to a direction by the FCA made under article 15(3) that that article and section 3 (cryptoasset transitional provision) of this Part will apply to them.

(2) For the purposes of regulated activities within the scope of the application referred to in paragraph (1), a person within the scope of paragraph (1) is to be treated as if Parts 2 to 5 of this Order have not been commenced.

(3) This section ceases to have effect on the day 2 years after the full commencement date.

SECTION 3

Cryptoasset transitional provision

Application of the cryptoasset transitional provision

15.—(1) This section applies to a person where—

- (a) during the relevant application period, that person applied for—
 - (i) Part 4A permission to carry on a regulated activity specified within Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order; or
 - (ii) the variation of an existing Part 4A permission to include a regulated activity specified within Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order; and
- (b) that application has been—
 - (i) refused, where—
 - (aa) the application is subject to a final refusal; or
 - (bb) that person is subject to a direction by the FCA made under paragraph (3) that this article and section will apply to them; or
 - (ii) withdrawn.

(2) This section applies to a person where—

- (a) outside the relevant application period but before the full commencement date, that person applied for—
 - (i) Part 4A permission to carry on a regulated activity specified within Chapter 2B (cryptoassets) of Part 2 (specified activities) the Regulated Activities Order; or
 - (ii) the variation of an existing Part 4A permission to include a regulated activity specified within Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order; and
 - (b) that application has—
 - (i) not been determined;
 - (ii) been refused;
 - (iii) been withdrawn.
- (3) Where a person has, before the full commencement date—
- (a) applied for—
 - (i) Part 4A permission to carry on a regulated activity specified within Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order; or
 - (ii) the variation of an existing Part 4A permission to include a regulated activity specified within Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order; and
 - (b) that application—
 - (i) has been refused; and
 - (ii) is not subject to a final refusal,

the FCA may direct that this article and section will apply to that person.

(4) 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.
- (5) If the FCA decides to exercise the power in paragraph (3) it must—
- (a) specify the date on which the direction is to come into effect;
 - (b) give a decision notice to the person to whom the decision relates.
- (6) This section ceases to have effect on the day 2 years after the full commencement date.

Exemption from the Act

16.—(1) This article applies to those persons to whom article 15 applies as follows.

(2) Subject to paragraph (3), a person to whom this article applies is an exempt person for the purposes of section 19(1)(b) (the general prohibition) of the Act.

(3) If a person to whom this article applies is—

- (a) already an authorised person; and
- (b) within scope of article 15,

then they are to be treated as exempt from the application of section 20 (authorised persons acting without permission).

(4) An exemption under this article has effect only in respect of regulated activities as set out in article 17.

(5) An exemption under this article ceases to have effect in accordance with article 15(6).

Regulated activities to which article 16 applies

17.—(1) A regulated activity in respect of which the exemption in article 16 has effect is one that is—

- (a) specified within Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order;
- (b) necessary for the performance of a pre-existing contract;
- (c) carried on for the purposes of performing such a contract;
- (d) not a regulated activity for which the person has a Part 4A permission.

(2) For the purposes of paragraph (1), the performance of a pre-existing contract includes the performance of an obligation under the contract which is contingent or conditional.

Notification by a person to whom article 16 applies

18.—(1) A person to whom article 16 applies (“A”) must, as soon as reasonably practicable after the later of—

- (a) the full commencement date; or
- (b) where a direction has been made under article 15(3) in respect of A, the date specified by that direction in accordance with article 15(5)(a).

notify the FCA that they are carrying on a regulated activity to which the exemption applies under article 16.

(2) Should A—

- (a) cease carrying on a regulated activity; and
- (b) no longer intend to carry on a regulated activity,

before article 16 ceases to have effect in accordance with article 16(5), A must, as soon as reasonably practicable, notify the FCA that they are no longer carrying on and no longer intend to carry on the regulated activity.

(3) For the purposes of paragraphs (1) and (2), the notification must—

- (a) be made in such a manner; and
- (b) 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 article 16 applies

19.—(1) A person to whom article 16 applies (“A”) must notify each party to a pre-existing contract with A that A is—

- (a) an exempt person for the purposes of section 19(1)(b) and section 20 (as applicable) of the Act; and
- (b) not authorised by the FCA.

(2) The notification must be made as soon as reasonably practicable after whichever is the later of—

- (a) the full commencement date; or
- (b) where a direction has been made under article 15(3) in respect of A, the date specified by that direction in accordance with article 15(5)(a).

(3) A person to whom article 16 applies (“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.

(4) The FCA may issue guidance in respect of compliance with an obligation under this article.

Variation and cancellation of an exemption under article 16

20.—(1) Subject to the other provisions of this article, and in respect of a person to whom article 16 applies, the FCA may by notice—

- (a) cancel the exemption;
- (b) impose on that person such conditions relating to the exemption as the FCA consider appropriate;
- (c) remove a regulated activity from those for which the exemption has effect in relation to that person.

(2) The power to impose conditions and remove regulated activities in paragraph (1)(b) and (c) includes the power to impose a final day for the application of—

- (a) the exemption under article 16, or part of it;
- (b) any condition imposed under paragraph (1)(b),

provided that such a final day is before the end of the period specified by article 15(6).

(3) The FCA may only exercise the power in paragraph (1), if—

- (a) it considers that the exercise of the power is necessary—
 - (i) for the prevention, detection, investigation, or prosecution of a criminal offence;
 - (ii) for the protection of consumers;
 - (iii) in order for the FCA to advance its objectives under Part 1A of the Act; or
- (b) following the full commencement day, that the person to whom article 16 applies has ceased carrying on a regulated activity covered by the exemption.

(4) In an urgent case, if the FCA decides to exercise the power in paragraph (1) it must give a decision notice to the person to whom the decision relates.

(5) A notice under paragraph (4) must state when the decision takes effect, which may be immediately upon receipt.

(6) In any other case other than an urgent case—

- (a) if the FCA proposes to exercise the power under paragraph (1) it must give the person a warning notice;
- (b) if the FCA decides to exercise the power under paragraph (1) it must give the person a decision notice.

(7) Part 26 (notices) of the Act applies to a notice under paragraphs (1) and (4) as it applies to a notice given under that Act.

(8) For the purposes of this article, an urgent case is one in which the FCA reasonably considers it necessary for the decision to take effect as stated in the decision notice.

(9) A person in respect of whom the power under paragraph (1) is exercised may refer the decision to exercise the power to the Upper Tribunal.

(10) Part 9 (hearings and appeals) of the Act applies to a reference to the Upper Tribunal under paragraph (9) as it applies to a reference under that Act.

Restrictions on financial promotions

21. In respect of a person to whom article 16 applies, section 21 (restrictions on financial promotions) of the Act 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 article 16 (exemption from the general prohibition in the Act) of the Financial Services and Markets Act 2000 (Regulated Activities and Miscellaneous Provisions) (Cryptoassets) Order 2025 applies; and

- (b) the communication is necessary for the performance of a pre-existing contract (within the meaning of article 17 of that Order).”.

Information gathering

22. The following provisions of the Act apply in respect of a person to whom article 16 applies as if they were an authorised person (within the meaning of section 31 of that Act) –

- (1) section 165 (regulators’ power to require information: authorised persons etc.);
- (2) section 166 (reports by skilled persons);
- (3) section 175 (information and documents: supplemental provisions);
- (4) section 177 (offences).

Publication of information

23.—(1) The FCA may, if it considers it appropriate to do so, publish information—

- (a) concerning persons to whom article 16 applies, in relation to the application of that article to them; or
 - (b) provided under article 18.
- (2) Publication under this article must be in such a manner as the FCA considers appropriate.

Public censure

24.—(1) If the FCA consider that—

- (a) a person has not notified the FCA in accordance with article 18; or
- (b) a person to whom article 16 applies has acted in a manner which the FCA considers contrary to the advancement of its objectives under Part 1A of the Act,

the FCA may publish a statement to that effect.

(2) If 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 about a proposal to publish a statement must set out the terms of the statement.

(4) If, 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 without delay give the person a decision notice.

(5) The decision notice must set out the terms of the statement.

(6) Section 393 (third party rights) of the Act applies in respect of the giving of notices under this article as it applies in respect of the giving of notices under that Act.

Date *Name*
Name
Two of the Lords Commissioners of His Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order makes amendments to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) (“the Regulated Activities Order”) and the Financial Services and Markets Act 2000 (c. 8) (“the Act”), as well as other statutory instruments, as set out below, in order to bring certain cryptoassets (within the definition of the same in section 417 (definitions) of the Act) within the regulatory perimeter for financial services.

Article 1 of Part 1 of the Order details the Order’s commencement, with some provisions commencing early to enable the Financial Conduct Authority (“FCA”) and the Prudential

Regulation Authority (“PRA”) to issue directions, guidance, and rules before the full commencement of the provisions in the Order. Article 2 defines certain terms used elsewhere in the Order.

Article 3 of Part 2 of this Order amends the Regulated Activities Order, inserting a new chapter of specified regulated activities (“Chapter 2B (cryptoassets)”) into Part 2 (specified activities) of that instrument, such that carrying on such an activity without a permission under Part 4A of the Act or an exemption is a breach of the general prohibition in section 19 (the general prohibition) of the Act.

These new regulated activities inserted into the Regulated Activities Order, with exceptions where considered appropriate, are—

- new article 9M, for issuing qualifying stablecoin in the United Kingdom;
- new article 9O, for safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets);
- new article 9T, for operating a qualifying cryptoasset trading platform;
- new article 9U, for dealing in qualifying cryptoassets as principal;
- new article 9X, for dealing in qualifying cryptoassets as agent;
- new article 9Z, for arranging deals in qualifying cryptoassets;
- new article 9Z7, for qualifying cryptoasset staking.

The article also inserts two new specified investments into Part 3 (specified investments) of the Regulated Activities Order, “qualifying cryptoassets” and “qualifying stablecoin”—

- “qualifying cryptoassets”, inserted as new article 88F (qualifying cryptoassets) of the Regulated Activities Order, are any cryptoassets which are fungible and transferable and not subject to one of the exceptions in paragraph (3) of that article.
- “qualifying stablecoin”, inserted as new article 88G (qualifying stablecoin) of the Regulated Activities Order, is a subset of qualifying cryptoassets, which are referenced against a fiat currency, and purport to maintain a stable value in relation to that fiat currency, by holding or arranging for the holding of fiat currency or fiat currency and other assets.

Article 3 additionally makes consequential amendments to the Regulated Activities Order to account for the new activities and specified investments.

Article 4 of Part 3 amends section 285 (exemption for recognised bodies etc.) of the Act to amend the exemption for recognised investment exchanges, such that it does not apply to the new Chapter 2B (cryptoasset) regulated activities.

The article additionally amends section 418 (carrying on regulated activities in the United Kingdom) of that Act to create two new cases for where activities are deemed to have been carried on in the United Kingdom where they would not otherwise be so considered—

- The new ninth case is where certain transactions are taking place involving a consumer within the United Kingdom, the activity is deemed to be taking place in the United Kingdom, even if other parties directly or indirectly involved in the transaction are based overseas. The ninth case does not apply, where a person authorised to deal in qualifying cryptoassets as principal or operate a cryptoasset trading platform, acts as an intermediary between those parties.
- The new tenth case is where a person authorised to carry on the safeguarding of cryptoassets or staking in or to the United Kingdom. They are deemed to be carrying on that activity in the United Kingdom, irrespective of where they are, provided their client is

in the United Kingdom. The exception to the eighth case is where a person, authorised to carry on safeguarding activity and located in the United Kingdom, outsources that activity to an overseas custodian; in this case the overseas custodian is not considered to be carrying on relevant activity in the United Kingdom.

Article 5 of Part 4 amends the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (S.I. 2005/1529) (“the Financial Promotion Order”) to insert four new controlled activities into Part 1 of Schedule 1 to that Order—

- new paragraph 7A, safeguarding of qualifying cryptoassets and certain specified investment cryptoassets (as detailed above);
- new paragraph 7B, operating a qualifying cryptoasset trading platform;
- new paragraph 7C, qualifying cryptoasset staking.

Article 5 also aligns the definition of “qualifying cryptoasset” in paragraph 26F of Part 2 of Schedule 1 to the Financial Promotion Order with that inserted into the Regulated Activities Order by article 3 of this Order, and also inserts a new controlled investment of qualifying stablecoin, as new paragraph 26G.

Furthermore, the article omits the temporary provision in article 73ZA (certain promotions of qualifying cryptoassets) allowing those firms that are registered as a “custodian wallet provider” or as a “cryptoasset exchange provider” under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (S.I. 2017/632) (“the Money Laundering Regulations 2017”) to approve their own promotions.

Part 5 makes consequential amendments to other statutory instruments.

Article 6 amends the Financial Services and Markets Act 2000 (Collective Investment Schemes) Order 2001 (S.I. 2001/1062) to exempt arrangements for the backing assets or stabilisation mechanism for qualifying stablecoin from being considered a collective investment scheme within section 235 (collective investment schemes) of the Act. It also updates a definition of qualifying cryptoassets in paragraph 22 (qualifying cryptoasset staking) of that Order, such that it refers directly to the definition inserted into the Regulated Activities Order by this Order.

Article 7 amends the Financial Services and Markets Act 2000 (Carrying on Regulated Activities by Way of Business) Order 2001 (S.I. 2001/1177) such that a person is not to be regarded as carrying on by way of business the new activities inserted as Chapter 2B (cryptoassets) of Part 2 of the Regulated Activities Order for the purposes of section 22 (regulated activities) of the Act unless that person engages in the business of such activities.

Article 8 amends the Financial Services and Markets Act 2000 (Professions) (Non-Exempt Activities) Order 2001 (S.I. 2001/1227) such that the following activities in the Regulated Activities Order are not within the exemption given to certain professions carrying on their business—

- new article 9M (issuing qualifying stablecoin in the United Kingdom);
- new article 9U (dealing in qualifying cryptoassets as principal);
- new article 9Z7 (qualifying cryptoasset staking).

Article 9 amends the Electronic Money Regulations 2011 (S.I. 2011/99) such that “stored monetary value”, for the purposes of the definition of “electronic money” in regulation 2 (interpretation) of those Regulations, does not include qualifying stablecoin or money or assets held as the backing assets or the stabilisation mechanism for a qualifying stablecoin.

Article 10 amends the Alternative Investment Fund Managers Regulations 2013 (S.I. 2013/1773) to exclude arrangements for the backing assets or stabilisation mechanism for qualifying stablecoin from being considered an alternative investment fund within regulation 3 (meaning of “AIF”) of those Regulations.

Article 11 amends the Money Laundering Regulations 2017 such that an authorised person for a regulated activity in new Chapter 2B (cryptoassets) of Part 2 of the Regulated Activities Order will no longer have to register as a “cryptoasset exchange provider” or a “custodian wallet provider” under those Regulations. The article also introduces a new regulation 56B (requirement that authorised cryptoasset firms acting as cryptoasset exchange providers or custodian wallet providers inform the FCA) requiring those engaging in activities that are within the scope of a “cryptoasset exchange provider” or a “custodian wallet provider”, but who are no longer required to register, to inform the FCA of their engagement in such activity, or their ceasing to so act.

Part 6 provides transitional and savings provisions for those that have applied for and been refused permission under Part 4A of the Act, or the variation of an existing permission under that Part, for a new regulated activity specified by new Chapter 2B (cryptoassets) of Part 2 of the Regulated Activities Order. The provisions allow such persons to run off their existing business after the full commencement of the amendments in this Order, under the supervision of the FCA. The transitional and savings provisions cease to have effect 2 years after the full commencement of this Order.

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