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United Kingdom: UK Crypto Regulation: Regulated Activities

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The UK is quickening the pace on the new crypto regulatory regime. The Financial Conduct Authority (FCA) published three papers in quick succession in May 2025: a discussion on key policy positions (**DP25/1**) and two consultations on detailed rules (**CP25/14** and **CP25/15**). This blog focuses on DP25/1. Please see our upcoming separate blogs on the other proposals.

The FCA intends to regulate not only UK cryptoasset trading platforms but also certain non-UK overseas platforms. Any non-UK overseas cryptoasset trading platforms that service retail customers in the UK on a cross-border basis will need to get authorised by the FCA, and they will need to set up a UK physical presence in order to obtain authorisation. It is currently not clear in what circumstances an overseas crypto exchange would be considered to have retail customers in the UK – e.g. whether there would be look-through to the ultimate customers if the exchange itself services only institutional intermediaries which have underlying retail customers.

Cryptoasset intermediaries that buy/sell cryptoassets will also need to obtain authorisation. Further, if they wish to service retail customers, the cryptoasset in question must be admitted onto at least one UK authorised cryptoasset trading platform. This means the intermediary's business model would depend on factors outside its control, i.e. whether there would be any authorised cryptoasset trading platform that happens to have the relevant cryptoasset listed on their platform. This could present significant challenges, particularly at the start of the regime where trading platforms themselves are also applying to get authorised.

While the FCA prefers to ban cryptoasset lending and borrowing for retail customers, it leaves the door somewhat open by also exploring an alternative – to allow retail access but with enhanced conduct rules on intermediaries (e.g. requiring assessment of customer creditworthiness). Given the importance of lending/borrowing in the current crypto ecosystem, an absolute ban on retail access may likely have significant consequences. It remains to be seen where the final determination will land.

For cryptoasset staking, one key proposal is to make the staking firm liable for failures of their third party service providers (e.g. those providing technology to the firm). This may potentially have significant impact on staking firms (e.g. they may need to reconsider their arrangements with third party service providers).

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