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UK Cryptoasset Regime: Key Takeaways From the Final Draft Statutory Instrument

The publication of the SI marks the latest regulatory development in the UK's rapidly evolving cryptoasset landscape.

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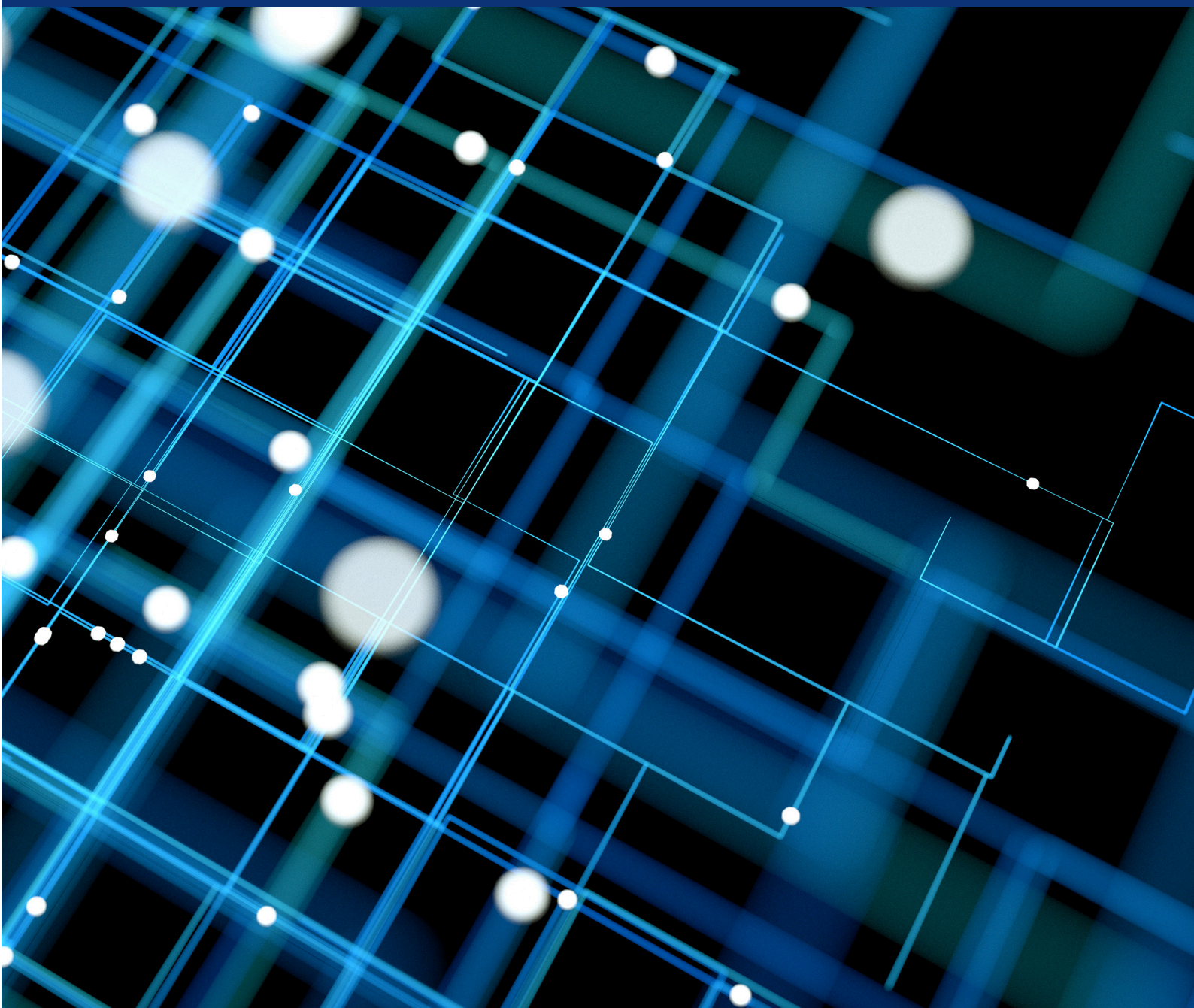

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Executive Summary

On 15 December 2025, HM Treasury (HMT) published the final draft statutory instrument (the SI) setting out how activities in relation to qualifying cryptoassets (QCs) will be regulated in the UK. The future regulatory regime for cryptoassets supersedes the current money laundering registration regime, bringing cryptoasset-related activities into the full scope of UK regulation.

The publication of the SI was timed to coincide with the FCA launching consultations on (i) detailed rules for regulated cryptoasset activities (CP 25/40); (ii) admissions, disclosures, and market abuse (CP 25/41); and (iii) the prudential regime for cryptoasset firms (CP 25/42), and marks a key moment in the development of the future UK regime for cryptoassets.

The SI follows a draft statutory instrument published in April 2025 (the Draft SI). At the time of publication, it was expected that limited technical amendments would be made to the text. However, the Draft SI was subject to significant industry engagement and comment, which led to a delay in the publication of the SI in order to incorporate more substantive amendments.

The SI introduces and amends primary and secondary legislation to incorporate admission to trading of QCs and a market abuse regime within scope of UK regulation. Further, the SI amends the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (the RAO) to incorporate new specified cryptoasset-related activities and include QCs as specified investments subject to the existing traditional finance (TradFi) regime set out in the Financial Services and Markets Act 2000 (FSMA). Once the new regime comes into force, performing one of these new specified activities in relation to a QC by way of business in the UK will require full FCA authorisation.

The SI will come into force on 25 October 2027.

This publication provides key takeaways from the SI, a detailed analysis on all the topics covered by the SI, and a glossary of key terms.

Key Takeaways

New Regulated Activities

The SI introduces a range of new regulated activities relating to cryptoassets, including transaction-related services (dealing as principal, dealing as agent, arranging, and operating a cryptoasset trading platform); custodial and related services (safeguarding, arranging safeguarding, and arranging staking); as well as issuance of qualifying stablecoins. Where they correspond to TradFi services, activities are broadly characterised in a similar manner — however, HMT has sought to tailor the regime to the specific features of cryptoasset-related activity.

Approach to the Regulatory Perimeter and Lack of Certainty

HMT has taken a complex approach to the application of exemptions, leading to a lack of clarity regarding the boundary between regulated and unregulated services. The SI does not provide exemptions for some activities that would warrant them (such as the absence of a group exemption for dealing as agent), but introduces additional exemptions for certain activities in response to significant industry pushback on issues with the Draft SI.

This complex approach has resulted in additional uncertainty as to the scope of the regime — rather than resolve issues in the proposed drafting, the SI attempts to deal with matters with additional bolt-on exemptions, which themselves introduce further drafting issues. For example, HMT attempted to correct an overly broad definition of safeguarding via the introduction of an express (but highly limited) exemption for certain forms of security and buy-back arrangements, and responded to concerns around the scope of the activity of arranging staking with an unclear exemption for technical service providers. Further perimeter guidance from the FCA would be highly desirable to clarify the regulator's understanding of the regulatory perimeter.

Payment Services and Stablecoins

The SI regulates stablecoin-related services under FSMA, rather than the existing UK payment services regime. Although HMT has introduced a "supply of goods and services" exemption to address industry concerns around over-regulation of payment services firms dealing with stablecoins, this exemption lacks clarity on the precise range of stablecoin payment services that are intended to fall under it. As a result, certain payment services firms seeking to provide services relating to stablecoins may find themselves requiring additional authorisation under FSMA.

Restrictions on Cross-Border Order Routing

Significantly, the SI retains the Draft SI's approach to extending the territorial scope of the UK regime when transacting with a UK consumer — including deeming offshore firms "involved" in a sale of a cryptoasset to a UK consumer as within the territorial scope of the UK regime when the transaction is not intermediated by a UK authorised firm acting as principal or operating a cryptoasset trading platform. This will effectively limit firms' ability to provide UK retail clients with access to global liquidity via an onshore broker acting on an agency intermediation basis.

This approach not only marks a material divergence from well-established approaches to regulation of cross-border services, but also presents a restriction for global firms looking to service a mass-market UK client base with access to offshore liquidity. This restriction introduces significant complexity to the regime and dovetails with the FCA's proposed branch model for authorisation of offshore exchanges (outlined in CP 25/40).

Territorial Scope

Aside from the specific issues with cross-border order routing, generally the SI will apply a similar territorial scope to TradFi services by incorporating crypto-related activities in the FSMA regime. As a result, this scope may capture a broader range of activity compared with the existing money laundering registration regime. The SI also takes a narrow approach to the issuance of qualifying stablecoins (QSs) by only capturing issuing activity from an establishment in the UK — providing welcome flexibility to offer a QS from offshore (noting that onshore intermediation and distribution are likely to be captured).

Commencement and Transitional Regime

The SI will come into force on 25 October 2027 and will be subject to a transitional regime enabling firms to continue providing services to UK customers. In order to participate in the transitional regime, firms must apply for cryptoasset permission ahead of the commencement date during an application window (of at least 28 days) that will be specified by the FCA.

The SI also includes a contractual run-off regime to enable firms which do not apply for or obtain authorisation to service existing contracts. Helpfully, the transitional regime has been broadened so offshore affiliates can benefit, which may help global groups to restructure services in the run-up to authorisation.

Notably, the FCA announced on 8 January 2026 that the relevant application window will open in September 2026, with the FCA seeking to approve all applications prior to the commencement date — which is likely to put significant time pressure on firms to prepare applications. For further details on this development, see this Latham blog post.

DeFi

Decentralised finance (DeFi) remains out of scope of the regime. (The FCA will produce guidance on its approach to determining when activity is genuinely conducted on a decentralised basis.)

Market Abuse

The SI provides the legislative framework for a cryptoasset market abuse regime, to be further specified by FCA rules and broadly in line with the existing TradFi market abuse regime.

Impact on Existing MLR Regime

The cryptoasset registration requirements set out in the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs) will continue to apply to those operating cryptoasset businesses in the UK that do not fall within scope of the new QC regulated activities set out in the SI.

In practice, this will have limited impact on most cryptoasset service providers that will fall within the full regime; however, it may capture some limited business activities (e.g., parties dealing in NFTs, which do not otherwise fall under the definition of a QC).

Detailed Analysis

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Definition of QC	The definition of QC has been amended. A new limb (c) has been added, such that a QC must now be "(a) fungible, (b) transferable, **(c) not solely a record of value or contractual rights, including rights in another cryptoasset** [emphasis added]". The addition of limb (c) may impact the scope of a QC. Notably, the explanatory memorandum to the SI offers a cryptographically secured spreadsheet as an example, and it is unclear what other kinds of assets could fall within this exclusion.
Definition of CATP	The definition of a qualifying cryptoasset trading platform (CATP) has been amended to include reference to the fact that a CATP must be a system "in which multiple third-party buying and selling trading interests in qualifying cryptoassets are able to interact within the system", aligning this with corresponding MiFID-derived TradFi definitions. In addition, a system which merely "facilitates" the bringing together of trading interests is no longer included. This is another positive step, as without it, there would be a risk of the CATP definition being extremely broad and potentially also covering arranging/introducing activities and other forms of intermediation.
Territorial scope	Generally, by incorporating QC-related activity into the FSMA regime, the SI will capture activity carried on "in the United Kingdom", in line with the territorial scope of the TradFi regime. As a result, the SI may apply to a broader range of activity compared to the MLR regime, which is restricted to persons "carrying on business" in the UK. The SI also includes specific provisions which will have an impact on the territorial scope for particular QC-related activities. In particular: • **Issuing QSs:** A narrow territorial scope is applicable with respect to this activity; persons are only in scope where the relevant activity is undertaken "from an establishment in the United Kingdom", per Art. 9M of the RAO. As a result, there may be more flexibility to offer a QS from offshore to UK customers without triggering this activity. However, intermediation activities involved in the distribution of QS to UK customers will remain subject to the UK regime if they involve regulated activity in the UK. • **Sale or subscription of a QC to a UK consumer:** The SI takes a restrictive approach to facilitation of these services to UK consumers, deeming any party "involved" in the sale or subscription of a QC by a UK consumer as within the territorial scope of the regime, regardless of whether they are directly facing the end client. This rule applies unless another UK authorised firm is both: (a) intermediating the transaction, and (b) acting as a CATP or dealing as principal. For these purposes, a consumer is an individual in the UK, acting for a purpose other than for any trade, business, or profession carried on by that individual. This marks a significant expansion of the territorial scope of the UK regime and will, in effect, make it challenging for a non-UK firm to service UK consumers without setting up an onshore authorised presence. In addition, common cross-border order routing scenarios — such as by use of an onshore intermediating broker acting as agent for UK clients — are ruled out by this restriction (and the FCA's proposed handbook rules will impose further restrictions on cross-border order routing). This is likely to be a point of focus in seeking to structure compliant UK trading models. • **Safeguarding (custody) and staking:** Services provided to a UK consumer will be deemed to occur in the UK and within the territorial scope of the UK regime.

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Issuance and definition of a QS	The SI introduces a new specified activity of "issuing a qualifying stablecoin" under Art. 9M of the RAO, as well as "qualifying stablecoin" as a new specified investment into Art. 88G of the RAO. QS captures single fiat-referenced stablecoins, though issuers have optionality over the composition of the QS's backing assets, and therefore such assets can comprise the reference fiat currency, a different currency, and/or other assets. Given the QS definition, multi-currency stablecoins as well as stablecoins which reference another asset or basket of assets will not be QSs — although they could potentially constitute TradFi instruments, such as derivatives. There are three components to the QS issuing activity: offering (or arranging for another to offer), undertaking to redeem (or arranging for another to undertake to redeem), and maintaining the stable value of the QS. The territorial scope of this activity is narrow, capturing issuances carried on "from an establishment in the United Kingdom", as well as where the activity is carried on "on behalf of the [issuer], in the United Kingdom" (see above and FSMA, s. 418(6B)). Although overseas issuers are not required to obtain FCA authorisation due to this narrow territorial scope, firms providing access to overseas QSs will be subject to a broader territorial scope for the relevant cryptoasset activity that they are carrying on (e.g., dealing, arranging, or operating a CATP). The SI contains a number of clarifications to the scope of the issuing QS activity, including that the mere minting of a QS does not amount to issuing (RAO, Art. 9M(3)); QS issuers are deemed not to be accepting deposits (RAO, Art. 9AZA); and QCs and QSs are distinct from e-money as well as fiat currency, including central bank digital currency (CBDC) (RAO, Art. 88F, and EMRs, Reg. 3ZA). In addition, the FCA's client money rule-making power has been extended to cover QS backing assets. The SI exempts backing assets and stabilisation mechanisms from amounting to a fund (i.e., a collective investment scheme (CIS) or an alternative investment fund (AIF)), provided that no yield is paid to holders, and that holders retain redemption rights for the par value of the QS (Art. 3A of the CIS Order and Reg. 3A of the AIFMR). Notably, the FCA in CP 25/14 has proposed to ban yield-paying QSs. Although this ban does not extend to overseas issuers, in practice, overseas issuers may face challenges to offering a yield-bearing QS to UK retail investors for two reasons. First, a yield-bearing QS could amount to an (unregulated) CIS. Second, FSMA restricts the promotion of unregulated CIS to UK persons (including by FCA-authorised persons), unless an exemption applies (and limited exemptions are applicable for retail investors). This therefore restricts the promotion (and accordingly offers) of yield-bearing QSs in the UK. QCs have been added to the list of controlled investments in the FPO. QSs, being a sub-category of QCs, are by extension also controlled investments for the purposes of the FPO and therefore can only be promoted by an FCA-authorised person or in reliance on an exemption. The SI does not include specific proposals or exemptions for the promotion of QSs.
Safeguarding	The SI introduces a new specified activity of "safeguarding", applicable to both QCs as well as "specified investment cryptoassets" — which captures various forms of tokenised TradFi financial instruments and is intended to enable the regime to provide specific rules for custody of such assets reflecting their tokenised nature. These activities capture safeguarding the relevant asset on behalf of another person, or arranging for a person to carry on such activity. The SI includes exemptions for group activity, introductions to authorised custodians, and holding of assets for settlement purposes. In addition, the SI seeks to clarify what constitutes "safeguarding" and "acting on behalf of another" in this context. In respect of safeguarding, the SI states that "control" of an asset through means that enable bringing about "transfer" will constitute safeguarding — a helpful clarification which may indicate that services

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	(such as certain forms of key management service) do not constitute regulated custody. However, in respect of "acting on behalf of another", the SI introduces a significant lack of clarity by stating that this includes (i) circumstances where the legal and beneficial title, or only the beneficial title, is transferred to the service provider, and (ii) scenarios where the client simply has a right of return of the relevant cryptoasset. This latter provision could potentially capture a wide range of arrangements in which parties agree to transfer cryptoassets between each other. Following industry pushback on the previous point, the SI attempts to qualify this to clarify that title transfer cryptoasset collateral arrangements and buy-back arrangements do not constitute safeguarding. However, given the potentially broad scope of the safeguarding activity in the first instance, there is a risk that this could have unforeseen consequences and require detailed analysis and structuring of more complex arrangements to limit the risk of triggering safeguarding requirements. Safeguarding has been brought into scope of the FPO, again reflecting an alignment with TradFi approaches.
Arranging	Minor amendments have been made to the defined activities of "making arrangements for another person … to buy, sell, subscribe for or underwrite" a QC, or "making arrangements with a view to" a person doing the same (together, the "arranging" activities, as set out in Art. 9Y of the RAO). These activities mirror existing TradFi arranging activities, which capture a broad range of activity that facilitates trading in certain kinds of regulated instruments. Although HMT has introduced certain exemptions from this activity — for example, exemptions not causing a deal, mere introducing activity, or enabling parties to communicate — there is no exemption for technical service providers. As a result, we anticipate that some firms will need to consider how the provision of centralised user interfaces may involve arranging activities, which can be a key issue for DeFi service providers. Other specific exclusions for this activity include exclusions for issuing a QS, operating a qualifying CATP, and QC staking. There are also general exclusions relevant to creating and minting a QS, the acquisition and transfer of a QC for no consideration (which may capture airdrop activity), and the distribution of a QC automatically created as a reward for distributed ledger maintenance or the validation of transactions.
Dealing as a principal and agent	The SI introduces new specified activities of dealing in a QC as principal (Art. 9T) and as agent (Art. 9W), which cover buying, selling, subscribing for, or underwriting a QC, either as principal (i.e., on a firm's own account) or as agent (i.e., on behalf of another). These activities are broadly characterised in line with existing TradFi concepts and are subject to some similar exemptions. For example, the activity of dealing as principal is subject to an exemption for absence of "holding out" — e.g., a firm will not carry on this activity if it does not hold itself out continuously and as generally willing to transact in cryptoassets (such as a market maker may do), as in the business of buying QCs with a view to selling them, or as regularly soliciting members of the public. As a result, a firm engaging in propriety trading using its own capital may not trigger authorisation requirements — however, this will require consideration of the exact activity it is undertaking. Nevertheless, this approach is helpful as compared to the EU MiCA regime, which neglects a similar principal dealing exemption. In addition, the SI includes a group exemption for dealing as principal — however, in contrast to the TradFi regime, this does not apply to dealing as agent, which may have unintended consequences on structuring intra-group transactions. In addition, the SI introduces specific exemptions, including for creating and minting QS, for distributing QC which are automatically created as a reward for maintenance of the distributed ledger and validation of transactions, and for activity involving acquisition for no consideration (such as in an air drop), as well as for

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	certain employee distributions. Firms that do not meet the principal or agent characterisation may still fall within "arranging" (Art. 9Y), which includes "making arrangements" with a view to transactions in QC.
Staking	The SI introduces a new specified activity in Art. 9Z6 of the RAO, which captures making arrangements on behalf of another person (whether as principal or agent) for "qualifying cryptoasset staking". "Qualifying cryptoasset staking" is defined for this purpose in Art. 9Z6 as the use of a QC in the validation of transactions on a blockchain or network that uses distributed ledger technology (DLT). This is aligned with the definition of "qualifying cryptoasset staking" in the exemption for qualifying cryptoasset staking in the CIS Order. Three specific exclusions from the activity are provided for: (i) solely introducing a person to a person authorised to conduct the regulated activity of qualifying cryptoasset staking, (ii) merely enabling parties to communicate, and (iii) providing technical services. The exclusions for introducing and enabling parties to communicate resemble existing RAO exclusions from certain specified activities relating to TradFi. Therefore, the exemption for merely enabling parties to communicate is likely to be construed narrowly to cover only persons such as internet service providers or providers of telecommunications networks. The exclusion for technical service providers seems intended to be broader, excluding 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". However, the wording of the exclusion causes uncertainty regarding its intended application. The above uncertainty exists because limb (a) of the exclusion (which is very broad and on its own will exclude from the new specified activity's scope any technical service allowing another person to stake QCs where those QCs are used for transaction validation on a blockchain or DLT network) is cut back by limb (b) based on whether the technical service provider is holding itself out in a certain way — though it is unclear precisely what kind of holding out disapplies the exclusion. On one reading, limb (b) disapplies the exclusion where the technical service provider holds itself out as conducting "qualifying cryptoasset staking" as defined in Art. 9Z6 to mean using QCs in the validation of transactions on a blockchain or DLT network. On this reading of limb (b), the exclusion is potentially very broad, excluding any technical service provided by a person that does not hold itself out as engaging in the staking of QCs for blockchain transaction validation itself (regardless of whether it in fact engages in such activity without holding itself out as doing so). However, it is unclear why the technical service provider holding itself out as engaging in "qualifying cryptoasset staking" as defined in Art. 9Z6 should be relevant to whether it is within the scope of the activity of making arrangements on behalf of others for "qualifying cryptoasset staking". For example, it is not clear why a technical service provider that also conducts separate proprietary staking should be disqualified from relying on the exclusion merely because they communicate or make public that they engage in such separate proprietary business, which would appear to be an unintended consequence of the drafting of the exclusion if read this way. And, unlike limb (a), limb (b) does not expressly state that the phrase "qualifying cryptoasset staking" when used in limb (b) means

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	"qualifying cryptoasset staking" as defined in Art. 9Z6. A possible alternative interpretation is therefore that limb (b) is intended to disapply the exclusion to any person holding themselves out as performing the new Art. 9Z6 specified activity of making arrangements for "qualifying cryptoasset staking", which is referred to in the headings to Art. 9Z6 as "qualifying cryptoasset staking", with the exclusion being intended to operate in a similar manner to the absence of holding out exclusion from the new specified activity of dealing as principal in QCs. A key difficulty with this interpretation is that this is not what the words of limb (b) say: it does not use the words "making arrangements on behalf of another person", nor does it expressly refer to the activity as specified in Art. 9Z6. This reading also remains unclear on what would amount to a technical service provider holding itself out as making arrangements for another person to engage in "qualifying cryptoasset staking". Given the broad and untechnical nature of the word "arrangements", providing technical services enabling another person to engage in "qualifying cryptoasset staking" could arguably amount to making arrangements on behalf of another person (hence the need for the exclusion of technical services in the first place), which on this reading would seem to preclude the application of the exclusion to technical service providers other than those who provide relevant technical services ancillary to another main business which they hold themselves out as conducting. Given the lack of clarity, additional perimeter guidance will likely be needed to clarify the FCA's view of the application of the exclusion.
DeFi	The SI does not include specific provisions relating to DeFi. However, in line with HMT's policy note published alongside the Draft SI, where specified activities are being undertaken on a truly decentralised basis — i.e., where there is no person that could be seen to be undertaking the activity by way of business — the requirement to seek authorisation will not be applicable. The FCA will determine in any given case whether there is an identifiable controlling person conducting specified activities by way of business. The FCA has proposed to consult separately on future guidance on the application of the new regime to DeFi, including how decentralisation and the existence of an identifiable controlling person will be determined by the FCA.
Payments	The SI defines QCs as including qualifying stablecoins. The SI opts not to bring stablecoin payment services within the scope of the Payment Services Regulations 2017 (PSRs). However, aside from the regulated activity of issuing a qualifying stablecoin, the other RAO cryptoasset specified activities are all tied to QCs (meaning they also apply to qualifying stablecoins), and activity relating to qualifying stablecoins is not exempted. Stablecoin payment service providers could therefore fall within the scope of the other RAO cryptoasset specified activities, such as dealing in QCs (e.g., with respect to on-ramping and off-ramping into qualifying stablecoins), safeguarding QCs (where the provider holds qualifying stablecoins on behalf of a customer as part of the payment flow), or arranging deals in QCs (where the provider facilitates a transaction for its customer with a cryptoasset service provider). Art. 9Z10 introduces a general exclusion for activities carried on for the sale of goods or supply of services by a supplier to a customer, and also excludes from the dealing and arranging activities a "related sale of goods or supply of services", meaning a sale of goods or supply of services to a customer otherwise than by the supplier, but for the purpose of the sale or supply of goods and services. It is possible that this general exclusion is intended to apply to both merchants selling goods or services to customers in exchange for QCs, as well as stablecoin payment service providers. However, the drafting of the exclusion is unclear, and its scope will need to be clarified in FCA guidance.

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	In addition, the exclusion does not apply to stablecoin payment services which do not relate to the supply of goods or services, such as P2P stablecoin payments. This means that the providers of P2P stablecoin payments may need Part 4A permission, depending on their business model.
Admissions and disclosures	The SI creates a new regulatory regime for public offers of QCs and their admission to trading on CATPs, which will be introduced through the Designated Activities Regime (DAR) under Part 5A of FSMA. The DAR framework enables HMT to designate certain activities and to give the FCA rulemaking, supervisory, and enforcement powers over those activities. The SI designates various activities relating to the public offer of QCs and admissions to trading of QCs, and makes it unlawful for a QC to be offered to the public in the UK unless the offer is exempt under Schedule 1 (either through falling within a single exception or a combination of more than one exception). The SI gives the FCA powers to make rules to determine who is responsible for publishing a QC disclosure document, sets out general requirements to be met by a QC disclosure document, and creates a liability regime for untrue or misleading statements and omissions from a QC disclosure document. CP 25/41 sets out detailed proposals for the admissions and disclosures regime rules.
Market abuse regime	The SI creates a market abuse regime for cryptoassets (MARC), also to be introduced through the DAR. MARC applies to "relevant qualifying cryptoassets" that are QCs which have been admitted to trading, or are subject to an application seeking admission to trading, on a CATP. MARC prohibits the use and disclosure of inside information and market manipulation, but excludes legitimate cryptoasset market practices from these prohibitions. The SI gives the FCA power to make rules covering aspects such as: • disclosure of inside information; • legitimate market practices which are permitted; • prevention, detection, and disruption of market abuse by CATPs and intermediaries; • market abuse systems and controls for CATPs and intermediaries; • information sharing between trading platforms (subject to a size threshold); and • creation and maintenance of insider lists.
Commencement and transitional regime	The SI comes into force on 25 October 2027. The FCA will have the power to issue directions, guidance, and rules ahead of this date to prepare for the regime coming into effect. However, this does not affect the timings for when firms will need to be compliant with the new regulatory regime. Part 7 of the SI creates a structured, time-limited gateway for firms to transition into the new regime. In accordance with this regime, the FCA will be required to specify an application period for firms to apply for permissions related to cryptoasset activities — and firms applying for permission during this period will benefit from certain transitional provisions. The FCA announced on 8 January 2026 that this period will open in September 2026, but has not yet stated when it will close — and the FCA has noted that it will aim to determine applications ahead of commencement of the new regime. This suggests submissions will need to be made significantly in advance of the commencement date, which will create significant time pressure on firms looking to be regulated in the UK. Firms may make applications outside this application period; however, this may impact the availability of the transitional regime and create cliff-edge risk if authorisation is not obtained by October 2027. If its application is not determined by the commencement date, a firm applying for cryptoasset permissions during the relevant application period will benefit from a

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	transitional period of up to two years (i.e., up to 25 October 2029), whereby Parts 3 to 6 of the SI (i.e., concerning amendments to the RAO, FSMA, FPO, and other secondary legislation such as the MLRs and EMRs) will not be applicable to the firm — thereby allowing the firm to continue to provide services in accordance with the existing regime. This transitional period applies only if the firm has applied for a relevant cryptoasset permission during the application period and if the application is still undetermined or has been refused by the FCA but is still open to review. The FCA has also extended the transitional regime to cover services provided by an overseas person in the same group as the applicant — enabling global groups to benefit from the regime as they establish UK presence and restructure their operations. In addition, the SI introduces a contractual run-off regime, which applies where a firm's application is withdrawn or refused (and no longer open to review), or made outside the application period. This exempts firms from the FSMA "general prohibition" on performance of regulated services without authorisation in order to perform obligations under pre-existing contracts, with respect to the relevant cryptoasset activity for which the person does not have a FSMA Part 4A permission. This run-off regime is subject to FCA notification and client disclosure requirements. In addition, the FCA can direct that a firm should enter the run-off regime even if an application is still subject to review in certain circumstances (enabling it to act even while a firm seeks to challenge a refusal to grant authorisation), and the FCA has powers to vary or cancel a firm's use of the run-off regime. The notion of an obligation under a "pre-existing contract" is not defined in the SI, and a level of uncertainty therefore remains as to how this would apply where, for example, a firm is conducting a series of transactions under overarching contractual arrangements. There is no requirement under the SI that a firm be MLR registered before applying for a Part 4A permission for the relevant cryptoasset permission under the SI in order to benefit from the transitional regime.

Glossary

Term	Definition
AIF	alternative investment fund
AIFMR	Alternative Investment Fund Managers Regulations 2013
CASP	cryptoasset service provider (as defined in MiCA)
CATP	qualifying cryptoasset trading platform
CBDC	central bank digital currency
CIS	collective investment scheme
CIS Order	Financial Services and Markets Act 2000 (Collective Investment Schemes) Order 2001
DAR	designated activities regime as set out under Part 5A of FSMA
DLT	distributed ledger technology
Draft SI	draft Financial Services and Markets Act 2000 (Regulated Activities and Miscellaneous Provisions) (Cryptoassets) Order 2025, published on 29 April 2025
EMRs	Electronic Money Regulations 2011
FPO	Financial Services and Markets Act 2000 (Financial Promotions) Order 2005
FSMA	Financial Services and Markets Act 2000
MARC	the proposed Market Abuse Regime for Cryptoassets
MiCA	Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on Markets in Crypto-Assets
MLRs	Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
NFT	non-fungible token
PSRs	Payment Services Regulations 2017
QC	qualifying cryptoasset
QS	qualifying stablecoin
RAO	Regulated Activities Order 2001
SI	draft Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025, published on 15 December 2025

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