

## The UK's Financial Services Regulator Consults on the Application of Rules to Regulated Cryptoasset Activities

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In Consultation Paper [CP24/25](#), (the **CP**) the UK's Financial Conduct Authority (**FCA**) is consulting on how it should extend its reach over cryptoasset activities beyond its existing remit of financial promotions and the prevention of financial crime once firms and individuals conducting the regulated activities set out in the UK's draft Statutory Instrument ([The Financial Services and Markets Act 2000 \(Regulated Activities and Miscellaneous Provisions\) \(Cryptoassets\) Order 2025](#)) comes into force and these firms are required to obtain FCA authorisation to do business in the UK.

### The FCA's Proposals

The CP looks at rules applying to; governance; the Senior Managers and Certification Regime, financial crime, operational resilience, certain business standards, and opens a discussion around the potential application of elements of the Consumer Duty. The standards are similar to the standards expected of all regulated firms, with changes to take account of the unique nature and specific risks prevalent in this sector.

- *High Level Standards*: The FCA is proposing to apply the Threshold Conditions (the minimum conditions a firm is required to satisfy on a continuing basis) in their entirety. The Principles for Business (fundamental obligations to be met on a continuing basis) should be applied on a modified basis that reflects transactions on trading venues through intermediaries.
- *Supervision Manual*: The FCA proposes to extend its supervisory and oversight powers to cryptoasset firms, including reports by auditors and notifications to the FCA.
- *Senior Management Arrangements, System and Controls (SYSC)*: The FCA proposes to expand the definition of Designated Investment Business to include cryptoasset activities, thereby ensuring that consumer protections and relevant SYSC rules, eg, the requirement for a Compliance Oversight Function are in place.
- *General Standards and Governance*: The FCA's expectation is that these will be a step change for cryptoasset firms that will expose vulnerabilities that require prompt remediation.
- *Senior Managers & Certification Regime*: Given that the existing regime is designed not to be sector-specific, the FCA proposes to apply it 'as is' to cryptoasset firms.
- *Operational Resilience*: In view of the importance of operational resilience in the sector, the CP proposes extending the operational resilience framework to cover all cryptoasset firms, whether traditionally covered or not. This framework would include tailored best practice measures that address cyber-resilience.
- *Financial Crime*: Given the increasing risk and use of the sector for criminal purposes, the CP proposes that cryptoasset firms be subject to the same financial crime rules that apply to other regulated firms.

### Next Steps

The deadline for feedback on the CP is 12 November with final rules scheduled for publication in 2026. The FCA, and the UK Government, are clearly indicating that they intend to catch up with and regulate rapid developments and increasing market penetration by crypto firms.