

# A pocket guide to: The FCA's proposed Crypto authorisation requirements

To find out how FCR Compliance can help you to understand the upcoming requirements, please contact [Steve@FCRcompliance.com](mailto:Steve@FCRcompliance.com)



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# Crypto authorisation

The FCA are making significant changes to UK crypto regulatory requirements.

If your firm intends to conduct cryptoasset activities in the UK, you **must** follow a strict new set of regulatory requirements.

We have summarised the core obligations and key dates under the new framework that you should be addressing now in order to be ready for the new regime:

1. Get authorised by the FCA
2. Manage admissions and disclosures
3. Prevent Market Abuse (MARC)
4. Follow strict rules for lending, borrowing and staking
5. Combat financial crime
6. Maintain financial safety nets
7. Deliver good outcomes (Consumer Duty)
8. Key dates



# Get authorised by the FCA

Your firm cannot legally carry out regulated cryptoasset activities without obtaining **Part 4A permission** from the Financial Conduct Authority (FCA).

To be authorised, you must prove your firm has a UK presence, competent leadership, and a sustainable business model.

Importantly:

- Firms currently registered under the MLRs will need to apply under Part 4A for authorisation.
- Firms that already have Part 4A permission for other activities will need to apply for a variation of their permission to undertake any new cryptoasset activities.



# Get authorised by the FCA

If a firm's application is rejected or it chooses to withdraw it, the firm will move into temporary arrangements to allow it to wind down its cryptoasset business in an orderly way.



# Manage admissions and disclosures

Before your firm can admit a cryptoasset to trading or offer it to retail clients, you must ensure a Qualifying Cryptoasset Disclosure Document (QCDD) is prepared and published.

This document must be filed with the FCA's National Storage Mechanism and include a plain-English summary of key features and risks.

If material changes occur before trading starts, you are required to publish a Supplementary Disclosure Document (SDD) and may be liable to pay compensation if your documents are misleading or inaccurate.



# Prevent market abuse (MARC)

Your firm is acting as a gatekeeper for market integrity and **must** implement effective systems and controls to prevent, detect, and disrupt market abuse.

You must:

- **Maintain insider lists:** Record every person who has access to private, price-sensitive information.
- **Disclose inside information:** Promptly announce any non-public information that could significantly impact the price of a cryptoasset.
- **Share information (large platforms):** If your firm's revenue exceeds £10 million, you must monitor activity on the blockchain ('on-chain') and share data about suspicious actors with other large platforms.



# Follow strict rules for lending, borrowing and staking

When offering high-yield or credit-based services, your firm has additional duties:

- 1. Knowledge checks:** You must perform appropriateness tests to ensure retail clients understand the specific risks of lending and borrowing.
- 2. Mandatory over-collateralisation:** You must ensure that the value of any security (collateral) provided by a retail borrower exceeds the value of the assets they borrow.
- 3. Liability limits:** You must provide negative balance protection, meaning you cannot pursue a retail client for more than the specific collateral they dedicated to a loan if the market crashes.
- 4. Staking transparency:** You must obtain express prior consent from clients every time they stake assets and provide clear terms on how rewards are earned and when assets can be withdrawn.



# Combat financial crime

Whilst this isn't a new requirement, your firm must register under the Money Laundering Regulations and implement robust anti-money laundering (AML) protocols.

You are required to follow the 'Travel Rule' which means you must collect, verify, and transmit sender and receiver information for every cryptoasset transfer.

Additionally, you must submit an Annual Financial Crime Report to the FCA to prove your controls are working.



# Maintain financial safety nets

You must always hold a minimum amount of capital (Own Funds) and a liquidity buffer (cash or similar assets) to ensure your firm can survive market stress or wind down safely without harming clients.

Your firm is required to perform an Overall Risk Assessment annually to identify and mitigate any potential causes of financial failure.



# Deliver good outcomes (Consumer Duty)

The Consumer Duty applies to your firm, meaning you must proactively act to deliver good outcomes for retail customers in terms of product design, price, and support.

You must have a clear complaints-handling process (DISP) and inform clients that they have the right to refer unresolved disputes to the Financial Ombudsman Service.



# Key dates

Sept 2026	The FCA plans to open the cryptoasset gateway for firms to apply for authorisation
28 February 2027	Expected closing date for application window
25 October 2027	The new regulatory regime for cryptoassets is expected to come into force





# Steve Lockwood

Steve is one of FCR Compliance's founders. He has been a financial crime specialist for over 20 years.

Steve started his career in law enforcement investigating organized crime money laundering, he then moved to the UK Financial Conduct Authority (FCA) as an investigator in Enforcement and then as a specialist supervisor in the Financial Crime Supervision team. Here he conducted reviews of regulated firms' financial crime compliance programs.

Since 2017 Steve has been helping clients to assess, develop and remediate their Financial Crime compliance programs.



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