



Member Update

February, 2021

Foreward



Ian Taylor, Chair

In the year since I took over the Chairmanship of CryptoUK our industry has experienced monumental change. The regulatory landscape has transformed and we have witnessed a surge in retail and institutional adoption of digital assets, both here in the UK and around the world. As I look forward to 2021 and beyond, I see the importance of the role our trade association and its members play in advocating for the fair and balanced regulation of our flourishing sector increasing in parallel to the mainstream acceptance of crypto assets.

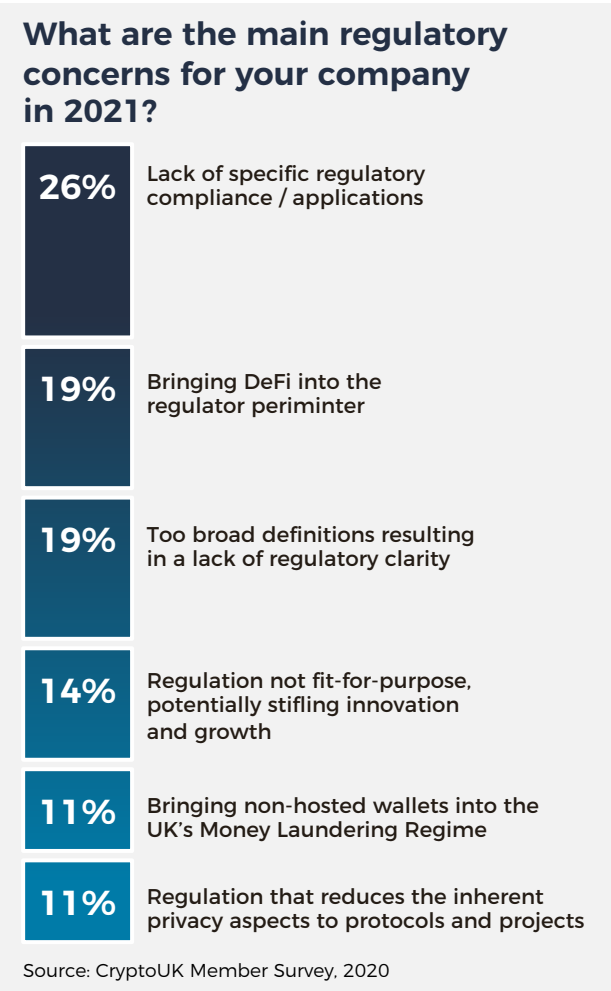
Regulators seek input from the sector as they bring crypto businesses into scope

The UK has seen four consultations directed specifically at the crypto asset industry with a handful of others crossing into the sector such as digital payments and safeguarding of funds. 2020 was also the year that crypto businesses were included in the scope of the FCA’s Money Laundering Regulations, the first direct legislation for such firms bringing them firmly into the regulatory perimeter.

In March, the European Commission’s public consultation on its comprehensive set of regulations called Markets in Crypto Assets (MiCA) was concluded. HM Treasury has followed suit, issuing its own consultation in January 2021, which explores bringing stablecoins under UK regulation and takes a closer look at the crypto asset industry in general. CryptoUK is in the process of responding to this outreach on behalf of, and in partnership with, our members.

Global policy makers have taken an interest in CBDCs with over a hundred [research and resource papers released in 2020](#) by central banks, regulators, international organisations and other agencies. Stablecoins have also captured attention.

Interest was sparked by Facebook’s Diem, accelerated by the exponential growth of the DeFi ecosystem ([Total Value Locked](#) in January of 2020 was \$0.5bn. versus \$15bn. December of 2020), and has partly driven the rapid expansion of the total value of stablecoins in circulation to \$25bn. (24hr volume \$57bn).

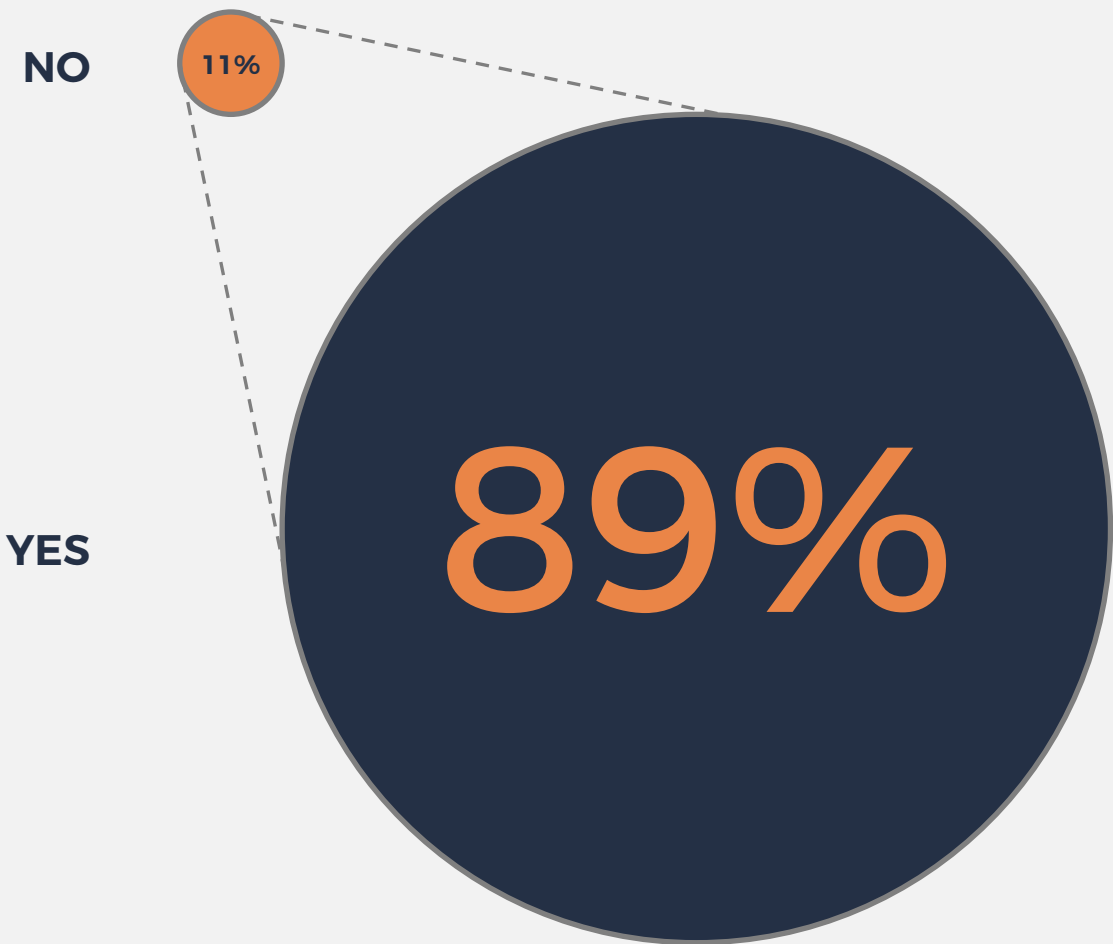


What's to come?

Whether or not governments feel these values are significant enough to cause financial stability concerns is unclear, however, we do know from both HMT and our community that there will be further UK regulation this year. This is why it is vital for the private and public sector to work together to bridge the gaps that exist

around knowledge, education and perception. The UK is well placed to lead the way as a global centre of financial innovation and we believe that our association and its members have a vital part to play in this process.

Do you believe that the UK government will issue additional regulation this year?



Source: CryptoUK Member Survey, 2020

The UK's Digital Asset Trade Association



VISION

Digital and crypto assets, and the underlying blockchain technology, have the potential to transform the UK's financial services industry. We promote accountable self-governance for crypto businesses whilst simultaneously advocating for fit-for-purpose legislation and regulatory frameworks for crypto and digital assets in the United Kingdom and Europe.



MISSION

We establish and foster productive partnerships between digital and crypto asset industry participants and legislatures, policymakers and regulatory agencies. Providing education where needed and helping to create an environment that protects retail and institutional consumers whilst fostering innovation, job creation and investment.



MANDATE

Promote Accountability & Self Governance

CryptoUK established the first Crypto Code of Conduct in the UK, designed to improve operating and governance standards, promote professional accountability and instil more robust consumer protection within the digital asset ecosystem.

Educate, Inform & Advocate

CryptoUK supports the industry through advocacy, outreach and the development of policy positions within our committees and working groups.

Engage Global Industry Participants

CryptoUK creates opportunities for industry participants to collaborate with each other and directly with policymakers as a collective voice of the UK digital and crypto asset ecosystem.

90%

of members agree or strongly agree that CryptoUK is an effective advocate for the UK's digital assets industry, deepening understanding and driving regulatory change and clarity where needed.

89%

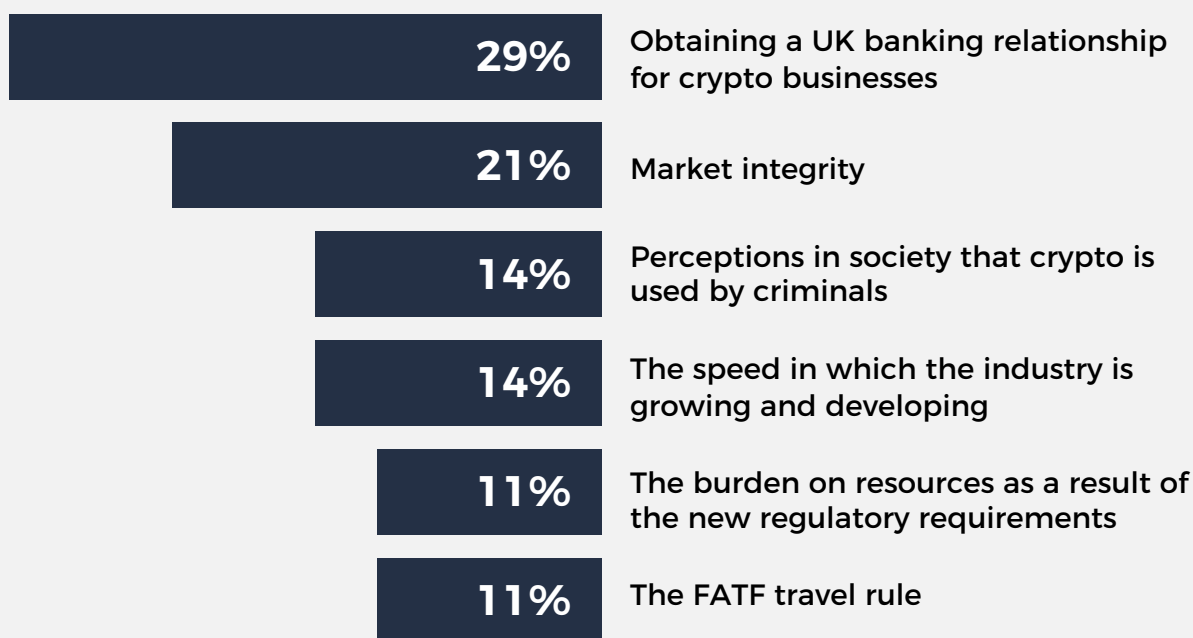
of our members agree or strongly agree that CryptoUK is meeting its mandate.



ACTIVITIES

- Proactive outreach to target policy makers and legislators to advocate for a fit-for-purpose regulatory framework in the UK and Europe.
- Promote regular policymaker engagement through roundtables, update calls and consultation responses.
- Convene expert, community-led working groups who author responses to industry and policymaker consultations.
- Extend CryptoUK's influence through coordinated policy positions and sharing best practice with global and national industry associations.
- Cross pollinate policy recommendations across agencies through policymaker education on industry trends.
- Develop and share thought leadership through events, blogs and participating in intra-industry working groups.
- Support ad hoc requests from policymakers for research, education programs or expert sessions.

What are the biggest challenges facing crypto businesses operating in the UK in 2021?



Source: CryptoUK Member Survey, 2020

The UK's Regulatory Trifecta

The Government is approaching our industry with a hands off, wait and see and piecemeal approach. HMT sees the following three core pieces of **activity specific regulation** as a sufficient framework to protect consumers and defend against economic crime, at present.

This is clearly evident in the consultation released in January, where HMT stated that they “will not seek to specify detailed firm requirements through legislation. Instead, the government aims to define the scope of the regulatory perimeter”.

In regards to “**regulated activity**” over the course of 2021, the following areas will be brought into the UK regulatory regime.

Money Laundering Regime

Live as of January, 2020

- All crypto firms must register through the FCA's application process.
- As at December 2020 over 160 applications were made.
- A temporary registration regime with a deadline of July, 2021.

Financial Promotions Order Consultation

Closed as of November, 2020

- All crypto firms will soon fall under the same requirements as traditional financial institutions when promoting products and services.
- The consultation suggested 2 possible outcomes:
 1. Sign off by a “skilled person” (known as a gateway) for unauthorised firms is required or;
 2. All promotions would be seen as a “regulated activity” thus bringing with it additional requirements on unauthorised firms.
- See our response [here](#).

UK Regulatory Approach To Crypto Assets and Stablecoins Consultation

Live as of January, 2021

Regarding the regulation of stablecoins and the activities related to them the consultation proposes to:

- First introduce a regulatory regime for stable tokens used as a means of payment.
- Secondly over a longer timetable, the government will consider the case for bringing a broader set of crypto asset market actors or tokens into an authorisation regime.



In regards to individual crypto assets or tokens, currently there exists three broad categories in the UK. The consultation suggests a fourth category for “stable payment tokens” be added to existing framework:

1. e-money tokens

These tokens meet the definition of electronic money in the Electronic Money Regulations 2011 (EMRs) – broadly, digital payment instruments that store value, can be redeemed at par value, at any time and offer holders a direct claim on the issuer.

2. Security tokens

These tokens have characteristics akin to specified investments, like a share or a debt instrument, as set out in UK legislation. Broadly, these are likely to be tokenised, digital forms of traditional securities. As with e-money tokens, these are already within the UK’s regulatory perimeter and therefore subject to FCA regulation.

3. Unregulated tokens

These tokens are neither e-money tokens nor security tokens and include:

- **utility tokens:** tokens used to buy a service, or access a DLT platform – this could, for example, include access to online cloud storage; and
- **exchange tokens:** tokens that are primarily used as a means of exchange – this includes widely known cryptoassets such as Bitcoin, Ether and XRP.

4. Stable tokens

Introduce new regulations for stable tokens used as a means of payment.

This would cover firms issuing stable tokens and firms providing services in relation to them, either directly or indirectly to consumers.

The government also proposes to seek to ensure that tokens, which could be reliably used for retail or wholesale transactions, are subject to minimum requirements and protection as part of a UK authorisation regime.



Policymaker Engagement: 2020

| Company | Type | Engagement | Date |
|--|---------------------|--|--|
|  HM Revenue & Customs | Regulatory affairs | HMRC & CryptoUK Round Table | 18 Feb, 2020 |
|  European Commission | Public consultation | <u>Framework for markets in cryptoassets</u> | Submitted by CryptoUK <u>Mar 20, 2020</u> |
|  BLOCKCHAIN | Regulatory affairs | <u>National Security & Defence: Digital Identity & How Blockchain can help in the time of COVID-19</u> | 8 Apr, 2020 |
|  CryptoUK | Working group | <u>H2 2020 Policy Position Statements</u> | Apr - Jun, 2020 |
|  BLOCKCHAIN | Regulatory affairs | <u>Blockchain Network Governance Models</u> | 16 June, 2020 |
|  FINANCIAL CONDUCT AUTHORITY | Public consultation | <u>Coronavirus and safeguarding customers' funds: proposed guidance for payment firms</u> | Submitted by CryptoUK <u>Jun 12, 2020</u> |
|  BANK OF ENGLAND | Discussion paper | <u>Central Bank Digital currency: opportunities, challenges and design</u> | Submitted By CryptoUK <u>Jun 24, 2020</u> |
|  European Commission | Public consultation | <u>Consultation on a retail payments strategy for the EU</u> | Submitted by CryptoUK & Blockchain for Europe <u>Jun 26, 2020</u> |
|  BLOCKCHAIN | Regulatory affairs | Evidence Meeting 15: Data Governance and Regulatory Framework on Blockchain Networks | 14 Jul, 2020 |
|  BLOCKCHAIN | Regulatory affairs | Evidence Meeting 16: Tokenisation and Digital Assets | Oct, 2020 |
|  HM Revenue & Customs | Regulatory affairs | Taxation Round Table | Nov, 2020 |
|  HM Treasury | Public consultation | <u>Cryptoasset Promotions</u> | Submitted by CryptoUK <u>Oct, 2020</u> |
|  FINANCIAL CONDUCT AUTHORITY | Public consultation | <u>FCA Regulatory fees and levies: policy proposals for 2021/22</u> | Submitted by CryptoUK <u>Jan, 2021</u> |
|  HM Treasury | Public consultation | <u>UK Regulatory Approach to Cryptoassets and Stablecoins</u> | Jan, 2021 Ongoing |

Regulatory Outreach

CryptoUK are dedicated to educating politicians and regulators about the crypto asset industry, and to working with them to develop an appropriate operating framework for the UK.

We provide a credible source of industry intelligence for those on the regulatory front lines by conducting regular meetings with:

- FCA Innovate & Innovation Hub
- FCA Strategy & Competition
- FCA Cryptoasset Supervision Team
- FCA Supervision – Investments, Wholesale and Specialists Division
- HMT Economic Crime Unit
- HMT Cryptoassets
- HMT Payments and FinTech
- HMT Financial Services Group
- Mayor of London's Office - London & Partners - Support and Education

If you would like to get involved in our consultation responses, policymaker engagement and regulator outreach [contact us](#).



Industry Engagement

In addition to the working groups, media, content creation, education, thought leadership and advocacy, CryptoUK has been actively driving forward a number of other initiatives including:

Research and development

- Kings College
- Cambridge University
- CBDC - Digital Pound Project

Taxation

- HMRC semi annual webinar
- Co-authored the GDF working paper
- Engagement with the OECD

Partnerships

- Blockchain for Europe
- London Blockchain Foundation
- IDAXA
- Access Singapore
- Global Digital Asset & Cryptocurrency Association

Developing public support for the ecosystem

- Working with government and industry to explore ways to help promote, support and nurture the industry in the UK

Professional Industry Certification


- Wilmington PLC - Internal Crypto Compliance certification program
- [Elliptic LEARN Certify program](#)

Strength in Numbers

Amidst the uncertainty brought by a global pandemic, lockdown and macro economic and political change, we have been fortunate to grow our membership by **54%** this year.

As our community grows so too does the strength of our collective voice and advocacy. We look forward to further expanding our membership and with it our ability to deliver on our mandate in 2021.

Executive Members



NEW

NEW



Partner Members



NEW

NEW









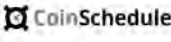





























NEW

NEW

NEW

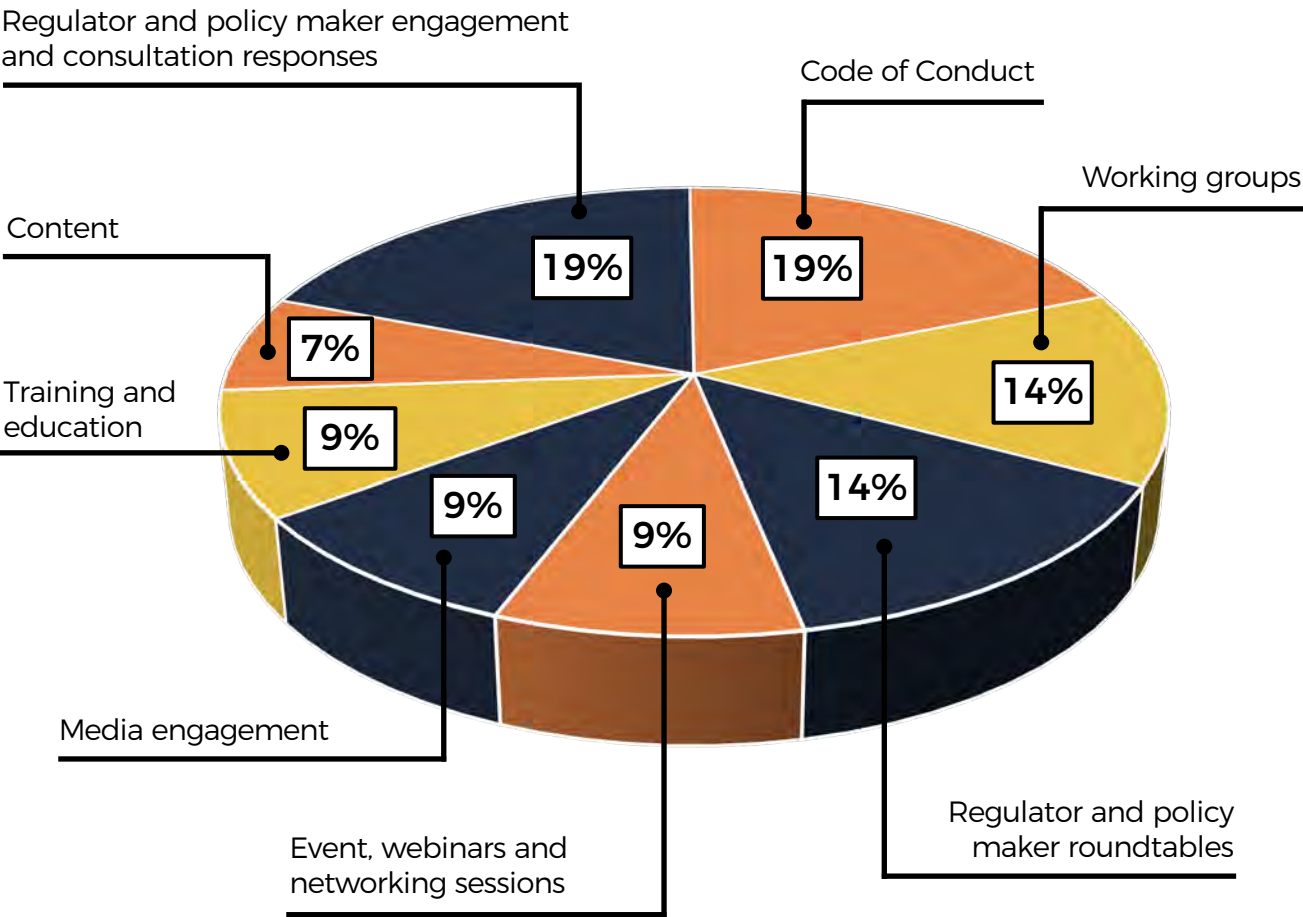
Strength in Numbers

Community Members

| | | | | | |
|--|--|--|---|---|--|
|  ALTALIX NEW |  ARCHAX |  B2C2 |  BCB GROUP INSTITUTIONAL CRYPTOCURRENCY PARTNER |  BITASSIST |  BLOCKSTARS CRYPTO ASSET MANAGEMENT |
|  capexmove a decentralised debt capital market |  CoinCorner |  COINJAR NEW |  coinpass NEW |  CoinSchedule |  COMPLIANCE SERVICES INDEPENDENT AUDITORS INTERNATIONAL COMPLIANCE NEW |
|  CRYPTO•FISH |  CRYPTO GLOBAL MANAGEMENT REGULATED BY FCA |  CVS Capital MMXX Digital Asset Fund & Capital Markets Structured Investment Solutions NEW |  CYBERBIT NEW |  EXMO NEW |  Fireblocks |
|  FINCH & ASSOCIATES CHARTERED TAX ADVISERS NEW |  flubit |  Gold-F |  Huobi |  Insula Investment Management |  KoinKoin NEW |
|  KYC-CHAIN |  LUNO |  MERKLE SCIENCE NEW |  MOORE NEW |  my cryptotax NEW |  Outlier Ventures |
|  pillar. |  PROTEAN RISK |  PROTRADE GROUP NEW |  PURE DIGITAL NEW |  Qredo |  recap NEW |
|  scalable. NEW |  SCOTCOIN NEW |  SELFKEY |  SuperSonicEX |  TORCA |  ZUMO NEW |

2030

Which CryptoUK activities are most valuable to our members?



Source: CryptoUK Member Survey, 2020

Media Engagement, Events & Networking Opportunities: 2020



A cross section of our coverage:



Strategic Objectives: 2021

Enhance advocacy

- Develop close working relationship with senior MPs involved in policy making that are supportive to our cause.
- Maintain ongoing bilateral close relationships with target agencies (HMT, FCA, BOE & HMRC).
- Set up a crypto assets All Party Parliamentary Group (APPG).
- Respond in partnership with, and on behalf of, our members to all relevant public consultations.
- Drive and respond to requests for Working Groups from members.
- Conduct quarterly regulatory roundtables.

Elevate thought leadership status

- Maintain content focus on cryptoasset regulation in UK and Europe.
- Proactively create compelling and timely content.
- Identify and execute speaking opportunities.
- Increase media outreach, coverage and editorials.
- Enhance web presence and engagement.
- Augment social audience and engagement.
- Share insights with our audience via regular communication.

Grow membership

- Define and formalise sized-based tier and fee structure.
- Create and grow institutional and corporate membership base.
- Identify and execute revenue generating partnerships.



Meet The Team

Meet the team working with our members to deliver on our mandate.



Ian Taylor

Chair

Ian Taylor is the chair of Crypto UK. Ian is a well known and respected advocate for cryptoassets globally. Having spent 20 years as an investment banker he has had many senior roles across trading, treasury and risk management. Ian is still involved in banking with Barclays and provides advisory services to the digital asset industry. He is a passionate advocate of cryptoassets and the many benefits they bring to society.



Natalie Hall

Marketing & Community Director

Natalie is the Marketing and Membership Director for CryptoUK. She has over 15 years of marketing and communications experience within traditional and digital financial services, including Global Digital Finance and marketing leadership roles at Fiserv and Mambu. Natalie strongly believes in the potential of distributed ledger technologies to improve financial services and financial inclusion globally and is committed to growing our association's membership reach.

Secretariat & General Counsel

Industry experts that support our efforts in the community



Nick Andrews

Secretariat

Nick is the founder and Managing Director of MPAC Limited, one of the preeminent compliance and regulatory companies in London that has a speciality in the crypto sector, founder of a digital asset investment bank (FCA regulated), co-founder of a crypto trading entity (subsequently sold), founder of an FCA regulated hybrid trading platform (subsequently exited), co-founder of a blockchain technology firm and adviser to various boards ranging from a Chinese/UK trade association to an engineering company.



George Morris

Executive Associate Member & Legal Counsel

George is a leading authority on disruptive technologies, primarily in the fields of crypto assets and blockchain. He also specialises in general commercial contracts for the IT and telecommunications sector. George is a partner in Information, Communications and Technology (ICT) group in London. He's also an expert on crypto assets and the technologies and regulations surrounding blockchain technology.

Executive Committee

Below are our Executive Members who work closely with the key team to achieve our vision.



**Edward
Drake**

Head of Compliance,
Operations & MLRO
at ETORO



**Richard
Ells**

CEO & Founder
at ELECTONEUM



**Charlie
Hayter**

CEO & Co-Founder
at CRYPTO
COMPARE



**Josh
Goodbody**

Director of Growth &
Institutional Business
at BINANCE



**Susan
Friedman**

Head of Public Affairs
at RIPPLE



**Jeetan
Patel**

Compliance
at COINBASE



**Katharine
Wooller**

Managing Director
at DAXCI

Membership Benefits

CryptoUK amplifies our activities and extends our reach through:



Policymaker Engagement

- CryptoUK facilitates industry engagement with policymakers.
 - ✓ We champion regular outreach with UK agencies: FCA, HMT, HMRC and BOE Directly and through our partners, we advocate
 - ✓ For UK policy initiatives within Europe: European Commission, European Parliament & EU regulators (i.e. EMSA).
- We coordinate and curate CryptoUK member responses to policymaker consultations.



Policy, Insight & Thought Leadership

- CryptoUK leverages partnerships with global and national industry trade bodies & associations to share best practice, align policy positions and jointly advocate with policymakers when possible.
- Industry Insights: We conduct periodic surveys and publish reports on industry challenges and policy position updates.
- CryptoUK Blog: Members may contribute content and articles.



Industry Events & Networking

- CryptoUK speaks, attends and networks at industry events to raise awareness for CryptoUK policy initiatives and to promote our members.
- Biannual CryptoUK Member Meetup.
- Two Executive Member Strategy planning meetings annually.

CryptoUK calls on new Chancellor to open UK to crypto innovation

"The UK has the potential to become the home of crypto innovation and indeed many of CryptoUK's members want to grow their operations here"



Advocacy, Promotion & Media

- Amplify exposure for CryptoUK policy initiatives and our members within trade, national & international media.
- CryptoUK Website & Newsletter:
 - ✓ Member profiles
 - ✓ Industry events, surveys & consultations
 - ✓ Featured Member content: events, blogs and reports.



Visit us : cryptouk.io

Contact us : hello@cryptouk.io

