



**CryptoUK
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Sheldon Mills, Matthew Long,
Helene Oger-Zaher, Jane Moore
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

Chris Hemsley
Payment Systems Regulator
12 Endeavour Square
London
E20 1JN

21 March 2023

Dear Sheldon, Matthew, Helen, Jane & Chris

Re: More UK banks introducing blanket limits or bans on transfers from customer accounts to crypto exchanges

On behalf of CryptoUK's members I am writing to express our deep concern about the increasing number of new blanket bans and restrictions on transfers from UK banks to crypto asset platforms. We believe the introduction of these measures to be anti-competitive and disproportionate, and will have the effect of fundamentally undermining the Government's ambition to become a crypto asset hub.

CryptoUK and its members have attempted to engage constructively with the banks through UK Finance for several months during which time we have seen more banks announcing their decisions to introduce blanket blocks or limits on transactions.

Many of the major UK banks have now put in place bans or restrictions, and we are concerned that other banks and Payment Services Providers (PSP's) may also soon follow suit. We now believe that action is warranted because banks are implementing blanket bans instead of taking a risk-based and case-by-case approach.

We recognise that protecting consumers from fraud is a challenge faced by both industries. This approach from the banks appears however to be used as a replacement for the undertaking of



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effective compliance, transaction monitoring and due diligence, and deprives individuals of the choice of where they seek their investment opportunities. It is a point of note that many crypto exchanges have AML registrations, EMI or MiFID licenses, and invest substantial time, money and resources into compliance and consumer protection and finding a way for the banks to work with these organisations is key.

Our members want to work constructively with the banking sector, and regulators and believe there are a number of potential solutions that can be explored, including creating a “white list” of platforms that have engaged with the UK’s regulatory perimeter (either through AML registration or other EMI/MiFid licenses), to which transactions should be allowed to take place freely.

Moreover, in the same way that Regulation 105 in the payment services regulations 2017 (which sets a duty to credit institutions to provide access to payment services providers) has contributed to incentivise innovation in the payments space, a similar approach as part of potential new regulation for cryptoassets could help the UK to achieve its objective set out for the sector.

Given the significant number of new blanket restrictions that have recently been put in place, we are calling upon the FCA to take action to ensure UK banks take a proportionate, risk based approach, as expected by the FCA and set out in your recent correspondence to us and UK Finance (Jan 2023). While we recognise that the FCA may not wish to intervene in commercial decisions, in this case we believe action is warranted because of the blanket approaches that have been taken by many of the UK banks.

We remain at your disposal to assist in finding a path through and would welcome the opportunity to meet with you to discuss these concerns in more detail as well as potential solutions.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Su Carpenter", with a horizontal line extending to the right.

Su Carpenter
Director of Operations
CryptoUK - and behalf of our members
su@cryptouk.io



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CryptoUK

CryptoUK is an independent industry body that exists as a cohesive, credible voice for the evolving UK crypto industry. It represents the UK's crypto asset sector, working directly with policymakers and market players to advocate for better education, mutual understanding, and fair and balanced policy. Its 155+ members include crypto natives, services, custodians, and institutional investors.

CryptoUK works with policymakers and agencies to improve protections where they are needed and remove barriers where they are not. It works with industry market participants to identify and promote use cases for digital and crypto assets which create value for UK PLC as well as promoting the UK crypto industry on the world stage. To find out more, please go to cryptouk.io.