

09 April 2026

CryptoUK  
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Submitted by email: cp26-8@fca.org.uk

Dear FCA

**Response to Consultation Paper 26/8: Amendments to CASS related to cryptoasset activities**

CryptoUK (“we”) and its members welcome the opportunity to comment on the Consultation Paper regarding the FCA’s proposed amendments to CASS related to cryptoasset activities. CryptoUK is the UK’s leading self-regulatory trade association representing the cryptoasset sector. Our members comprise over 150 of the leading companies across the sector and across the UK. Many of our members are also international and engage with regulators and policies on a global basis.

We have provided detailed feedback to the specific questions posed in the Consultation Paper that our members felt had direct implications for the way their firms operate.

Thank you for your continued engagement both prior to and during the consultation. We look forward to continuing to work with you on these proposals as the industry prepares for the new regime coming into force on 25 October 2027. If you have any questions in relation to our responses and/or it would be helpful to discuss any of these matters further, please do not hesitate to get in touch.

**Consultation Question:**

**Question 2.2 Do you agree with our proposal that the professional client opt-outs from the client money rules should not apply to money held in connection with qualifying cryptoasset activities? If not, please explain why.**

We disagree with the proposal that firms will not be allowed to “opt out” of CASS 7 client money protections when undertaking specified qualifying cryptoasset activities for professional clients. This proposal rests on the assumption that that client money held in connection with qualifying cryptoasset activities gives rise to materially different risks from client money held in connection with traditional financial instruments, and that this justifies departing from the established regulatory framework for professional clients.

The professional client opt-out under CASS 7.10.9G to CASS 7.10.15G reflects the established FCA principle that professional clients, by virtue of their expertise and capacity to assess and bear risk, are capable of making informed decisions about the level of protection they require. This principle is not asset-class specific. It is grounded in the characteristics of the client, not in the nature of the underlying instrument or activity. As such, we do not see any reason why the same professional client that is entitled to opt out of CASS 7 protections in respect of complex trad-fi products should be denied that same autonomy merely because the relevant activity involves a cryptoasset.

**Question 2.3 Do you agree with our proposal to disapply the DvP exemption related to the use of a commercial settlement system, where the delivery obligation is in relation to a cryptoasset? If not, please explain why.**

Whilst we acknowledge the FCA's observation at paragraph 2.19 that it is not currently aware of any commercial settlement systems being used or available for the settlement of cryptoasset transactions, we do not think this provides a reasonable basis for disapplying the DvP exemption. The absence of a qualifying settlement system today is not a reason to foreclose the possibility of reliance on the exemption in the future, particularly where the existing conditions for the exemption already provide adequate safeguards

**Question 2.7: Do you agree with our proposal to make clarificatory amendments to CASS 8 for cryptoasset firms? If not, please explain why.**

We note that the paper proposes an amendment to CASS 8 to clarify that where a firm is safeguarding client cryptoassets in accordance with CASS 17, it does not also have to comply with the mandate rules in CASS 8 in respect of those client cryptoassets.

We agree with the proposal that CASS 8 would continue to apply to firms who have a mandate under which it can receive or give instructions in relation to client cryptoassets in the course of safeguarding where the firm itself does not hold the clients cryptoassets. Such instances would include where a firm is arranging for another person to safeguard cryptoassets - when the firm may still maintain the mandate even though they do not hold the cryptoasset.

However, as we previously responded to the FCA's earlier paper (CP26/4) in relation to the proposals for safeguarding cryptoassets outlined in CASS 17.3, 17.5 and 17.6, these rules should only be applied to an arrangement within Article 9N(2)(b)(ii) of the amended Regulated Activities Order where the client is intended to have the beneficial title to the cryptoasset held by the custodian.

In circumstances where a client holds both the legal and beneficial title to cryptoassets, and when the firm has control of, but does not hold, the cryptoassets, this is in effect similar to a mandate arrangement. In such scenarios, we believe that

the rules for an arrangement of this type should be therefore modelled on the mandate rules under CASS 8.

Therefore we would recommend that the FCA considers a further clarification to CASS 8 to cover the following:

- In the situation where a client holds both legal and beneficial title to cryptoassets and the firm has control of, but does not hold, the cryptoassets we would recommend that the safeguarding requirements under CASS 17.3, 17.5 and 17.6 are disapplied and to instead apply CASS 8 mandate rules.
- Where a firm operates under a mandate which allows it to give instructions to another entity which holds or controls private keys for the client we would recommend disapplying the requirement for a non-statutory trust under CASS 17, on the basis that the firm would instead be subject to CASS 8

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