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Submitted by email: cp26-32@fca.org.uk

Dear FCA

Response to FCA CP26/32, Chapter 4

CryptoUK supports transitional arrangements that allow existing services to move into the new regime without weakening the obligations that apply from commencement. A common timetable, accurate information about each venue and asset, and an FCA-led process for addressing specific readiness shortfalls would help firms plan that transition. This response addresses Chapter 4, with a related request for overseas-subcustodian guidance at the end of this response.

The proposals draw on qualitative industry input and the FCA's published rules and consultation. The proposed six-month, nine-month and twelve-month periods are policy judgements for consideration.

Q4.1. Do you agree with the proposal to provide a deferral period of up to 6 months of A&D and related requirements for UK QCATPs? If not, please explain why.

CryptoUK supports targeted relief from the pre-admission assessment and QCDD requirements for eligible assets trading on UK qualifying cryptoasset trading platforms (UK QCATPs) before their operators' UK authorisation. CryptoUK initially considered a common six-month long-stop from regime commencement on 25 October 2027. Further consideration of the time available to later-authorised operators has led CryptoUK to propose a common nine-month long-stop, ending on 25 July 2028. This would give those operators more time to complete their admission assessments and QCDDs while retaining one market-wide deadline. A later-authorised operator would receive the remaining portion of that common period. Eligibility should retain the conditions on timely authorisation applications and notification of the relevant assets.

The relief should remain confined to the eligible existing asset population. Assets newly admitted after authorisation should meet the full admissions and disclosures requirements. CryptoUK supports the market abuse regime being applicable from commencement. Any exceptional extension of the admissions and disclosures deferral beyond the common long-stop should require an individual FCA determination through an available mechanism, supported by reasons and a defined end date. The proposed common long-stop should not create a general entitlement to further relief.

Existing permissions to use public information, previous qualifying cryptoasset disclosure documents (QCDDs), templates and pooled preparation tools should reduce duplication. Each operator must retain responsibility for its own assessment, approval and publication,

together with the associated liability. Implementation guidance should explain how reusable material can support that assessment without displacing operator responsibility for its own assessment and QCDD.

Q4.2. Do you agree with the proposal that the deferral period for a qualifying cryptoasset should end if a QCDD for that qualifying cryptoasset is published during that deferral period? If not, please explain why.

CryptoUK supports ending the deferral for an asset on the relevant UK QCATP when that operator publishes its QCDD. Publication should bring the asset into the ordinary framework (i.e. CRYPTO 3 in full and liability under regulation 14) on that platform rather than allow the operator to retain transitional treatment until the long-stop.

A QCDD published by another venue can inform an operator's work, but should not automatically discharge its own assessment or publication obligations. Common identifiers, accessible documents and interoperable preparation processes would make reuse more practical. The FCA should explain how an operator can use another venue's QCDD to support its own assessment. The operator should verify the information it uses and meet its own assessment and applicable publication requirements. Reuse should not transfer responsibility or liability between operators.

Q4.3. Do you agree with the proposal to provide a deferral period of up to 6 months of A&D and related requirements for Intermediaries? If not, please explain why.

CryptoUK supports admission-related relief for intermediaries, aligned with the common nine-month long-stop proposed in Q4.1. The final instrument should reconcile Chapter 4's description of six-month intermediary relief with Appendix 3: TP 2.2 applies a three-month period to the admission-related relief in TP 2.9, while TP 2.3 gives the disclosure and warning provisions six months. The duration of this relief should be aligned with the proposed common end date of 25 July 2028.

TP 1.3 also measures the QCATP deferral from each operator's authorisation, whereas TP 2.3 and TP 2.15 fix 25 April 2028 as the intermediary end date. A later-authorised QCATP could therefore remain in deferral after the corresponding intermediary provisions have expired. The final rules should apply the proposed common long-stop consistently, retain asset-specific early exit on QCDD publication, and make any FCA-approved exception effective for the corresponding intermediary arrangements. Client disclosures and warnings should state the correct applicable end date. In particular, TP 2.11 should include the end-date information specified in TP 1.6R(3).

The FCA should provide an authoritative, machine-readable status service identifying each asset by Digital Token Identifier and each UK QCATP by operator and Legal Entity Identifier. It should record the applicable deferral, its end date, QCDD publication and link, relevant withdrawal restrictions (i.e. restriction or withdrawal of the asset from trading on that UK QCATP), and the time of the latest update. Operators should be responsible for supplying and correcting their information. The FCA should specify the checks intermediaries must undertake and the circumstances in which reasonable reliance on the service satisfies their status-verification obligations.

This service would report regulatory status without prescribing a machine-readable format for the full QCDD. Where the conditions in CRYPTO 5.3 are met, the FCA should confirm that

an intermediary can use one current compliant QCDD for the asset, rather than separate QCDDs for each potential execution venue. Any relevant supplementary disclosure documents should also be available to clients. The FCA should clarify which disclosures and warnings remain necessary where that QCDD is available but execution may involve a UK QCATP still using the deferral. Publication by one venue should not discharge another operator's own admission and publication obligations. Q4.4 addresses how firms should communicate that mixed status to clients.

Q4.4. Do you have any comments on the proposed notification, disclosure and risk warning requirements? Please explain and provide data where appropriate.

CryptoUK supports the FCA's proposed notification and disclosure requirements for assets trading under the admissions and disclosures deferral. UK QCATP operators should notify the FCA which assets use the deferral and provide the required operator and asset identifiers. They should also submit a roadmap for completing the admission assessments and QCDDs. Clients should receive clear information about each asset's deferral status and its consequences.

The FCA also proposes a full prescribed risk warning before every trade in a deferred asset. CryptoUK proposes a shorter warning before the client's first trade in each deferred asset. Clients should acknowledge that warning. Repeated full warnings may lose clients' attention. Consumer testing should assess comprehension, accessibility and repetition, including for frequent traders and clients with characteristics of vulnerability. A prominent asset-status notice should remain visible in the trading interface, with the full explanation easy to access.

The notice should state the deferral's end date and explain that assets failing to complete admission may be withdrawn from trading or restricted to institutional investors. It should explain the reduced information available and that clients lack the regulation 14 right of action and regulation 15 withdrawal rights that might otherwise arise where the applicable conditions are met. The venue-specific position should be accurate. Where a QCDD exists on one venue and another remains deferred, the notice should not state that no QCDD exists for the asset. Nor should publication be described as guaranteeing withdrawal rights in every transaction.

The FCA should clarify the treatment of existing retail holdings where an asset does not complete admission by the end of the deferral. This should include how CRYPTO 5.3.6R applies to assets admitted under TP 1.4, whether any further limited wind-down arrangements are needed, and the notice clients should receive before trading is withdrawn or restricted.

Firms should avoid duplicate warnings within the same trading journey and repeat the acknowledgement when a material status change, or a change in the likely execution venue, alters the information the client needs. A periodic refresh should be required only where consumer testing supports it. No such testing has been supplied with this response, so the proposed presentation should be assessed for comprehension and practical implementation before the FCA settles the final requirements. The final instrument should also make the warning cross-references consistent, including TP 1.8(1)'s reference to TP 1.6(4), which should specify the correct sub-paragraph containing the risk warning content (i.e. TP 1.8R(5)).

Q4.5. Do you agree with the proposed deferral of the execution venue requirements for intermediaries serving UK retail and elective professional clients? If not, please explain why.

CryptoUK proposes a six-month transitional period from commencement for the specified venue-dependent best execution requirements, replacing the three-month period proposed by the FCA. Before expiry, the FCA should publish an assessment of whether authorised venues are ready to support the affected services. The assessment should consider permissions for the relevant retail or elective professional clients, coverage of material assets, executable liquidity and intermediaries' routing capacity. The assessment and any extension decision should be published in time to give firms sufficient notice before the transition ends.

Where a material shortfall remains, the FCA should be able to grant a targeted, time-limited extension for the affected assets or client segments. It should publish the scope, reasons, notice period, review date and exit conditions. Firms should supply evidence of the shortfall; a firm should not extend its own relief simply because it considers the market unready. The FCA should identify the lawful mechanism for granting these extensions and make any necessary amendments to the transitional provisions.

The six-month period would give intermediaries more time to prepare for the venue-dependent requirements. It is a planning baseline, rather than evidence that the market will be ready by that date. The nine-month admissions and disclosures long-stop proposed in Q4.1 addresses a separate risk: the time available to later-authorised operators. For execution-venue requirements, the FCA should assess actual permissions, asset coverage, liquidity and routing capacity, and grant targeted extensions where material shortfalls remain. Firms can prepare before authorisation, but their ability to comply also depends on the permissions and capacity of the venues to which they can route.

Relief must not permit execution on a venue operating without required authorisation. An extension under this proposal would affect only the specified best execution requirements; it would not automatically extend the admissions and disclosures relief discussed in Q4.1–Q4.4.

Q4.6. Do you agree with the proposed deferral of the execution policy requirements? If not, please explain why.

CryptoUK proposes six months from commencement to complete the detailed order execution policy requirements, aligned with the Q4.5 baseline. A compliant high-level policy should apply from commencement and describe the firm's actual routing arrangements accurately. Where the FCA grants targeted Q4.5 relief, only the corresponding venue-dependent detail should be deferred. Unaffected content should be completed within six months, with accurate interim information for affected services.

Client consent requires a separate approach. The FCA should confirm whether CRYPTO 5.4.25R permits deemed consent for eligible regulatory, non-material or demonstrably non-adverse changes. If it does not, the FCA should consider a legally available mechanism for those changes. This would avoid restricting trading for existing clients solely because they have not responded to routine updates. The mechanism should require advance notice, durable records, a genuine opportunity to opt out and a clear explanation of the effect of non-response. Materially adverse changes should be excluded.



Any consent that must be express should remain express, including prior consent to execution outside a UK QCATP under CRYPTO 5.4.26R. Firms should obtain required consent before an affected trade. The proposed migration period should not authorise trading in its absence or override other rules requiring prior consent.

For existing clients, CryptoUK proposes an outer migration period of up to twelve months from commencement. Firms should seek the required response at the next meaningful client interaction or before an affected trade, whichever comes first. A dormant relationship should not have to be terminated solely because the client has not responded. Where required consent remains outstanding at twelve months, the affected trading should remain restricted until that consent is obtained.

The twelve-month period would not restart automatically following a Q4.5 extension. A later material policy change may require fresh consent, and the FCA should clarify how an extension continuing beyond the migration deadline would interact with the consent rules. No client-volume, response-rate or implementation-cost data has been supplied to establish the need for twelve months. This is a proposed outer limit for managing existing relationships, separate from the six-month deadline for detailed policies.

Additional related implementation issue: overseas subcustodians

A related implementation issue to Q4.5 concerns overseas subcustodians. CryptoUK requests timely FCA guidance on the applicable custody obligations, including whether and how firms should assess comparable jurisdictional standards. The guidance should identify the evidence firms should use and how they should respond to a subsequent change in that assessment, so they can design custody arrangements for commencement.

This request concerns custody and outsourcing requirements, which have their own legal basis. Any separate transitional relief would require an explicit scope and timetable; an extension of the execution venue requirements should not be treated as granting it. The available evidence does not support an approved jurisdiction list or a conclusion that a particular overseas regime is equivalent.

Yours faithfully

CryptoUK