

Summary of recent significant announcements from the FCA related to crypto-assets.

The Financial Conduct Authority (FCA) has recently made significant announcements regarding crypto-assets and the new steps related to regulating and overseeing this environment.

Rejection of the registration of Zeux Limited

On 17 March 2025, the FCA published on its website news relating to the British Regulator declining Zeux Limited's application for registration as a crypto-asset exchange provider under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2027 (MLRs) due to significant risks related to anti-money laundering (AML) controls and risk management that appeared insufficient and ineffective.

The key reasons for the rejection of Zeux Limited's registration were, among other things, **failure to identify, document, and understand risks related to financial crime**. According to the FCA, the exchange also fails to consider the UK's National Risk Assessment outlining key AML-CTF risks and shows deficiencies in customer risk assessment, enhanced due diligence and suspicious activity reporting (SAR).

Among its objectives regarding the crypto-asset industry, the **FCA aims to support** a competitive but well-regulated sector with **strong AML-CTF** measures aiming to protect consumers and maintain market integrity.

In the UK, crypto-assets service providers must be registered under the MLRs to operate legally in the country, and the FCA encourages potential applicants to engage early in the registration process and seek pre-application guidance.

Sources:

<https://www.fca.org.uk/news/news-stories/fca-declines-zeux-limiteds-crypto-registration-citing-significant-risk-harm>

Approval of Kraken E-Money Institution (EMI) license

Among other news related to the regulation of the crypto-asset sector in the UK, the FCA has recently **granted approval to Kraken** to operate electronic money services in the country. This Electronic Money Institution (EMI) authorisation allows Kraken to issue electronic money and facilitate client transactions while expanding the company's payment services. Kraken will be able to expand its fiat payment-related products and services, and also address some gaps between fiat and crypto-assets.

This development aligns with the recent numbers from FCA research showing that over seven million or **12% of adults in the UK owned crypto-assets** as of November 2024.

It is also worth noting that the crypto exchange also managed to secure recently an EU MiFID licence that enables Kraken to serve European crypto-asset traders with an expanded regulated derivatives offering.

Sources:

<https://thefintechtimes.com/kraken-secures-emi-licence-from-fca-with-the-uk-on-the-brink-of-mass-crypto-adoption/>

<https://www.fca.org.uk/publications/research/research-note-cryptoassets-consumer-research-2024#:~:text=93%25%20of%20UK%20adults%20have,to%20around%207%20million%20adults>

FCA discussion paper and roadmap related to crypto-asset regulation

The FCA recently introduced a “**crypto roadmap**” as an initiative of the UK's broader strategy to regulate crypto-assets and promote distributed ledger technology (DLT) in capital markets. The ambitions of this roadmap appear to aim to establish the country as a global leader in digital assets in a regulated environment, balancing consumer protection and innovation accordingly.

In relation to these objectives, at the end of 2024, the FCA published a discussion paper outlining **proposals for a new admissions and disclosures (A&D) regime for crypto-assets** with expected comments by 14 March 2025. With this proposed regime, the British regulator aims to enhance market integrity and consumer protection, ensuring investors are provided with consistent and adequate information about crypto-assets and their related products and services.

The FCA is also considering implementing a **Market Abuse Regime for Crypto-assets (MARC)** in order to prevent, detect, and disrupt market abuse, including, among others, insider dealing and market manipulation.

It is also worth noting that a recent decision by HMT in January 2025 aimed to amend the law to exclude crypto-asset staking from the definition of a collective investment scheme. This decision by HMT has been welcomed as providing **clarity** and as another step to **innovation**.

The UK regulatory regime related to crypto-assets should be expected by the end of 2026. In the meantime, UK firms can already apply to register with the FCA under the MLRs.

Sources:

<https://www.fca.org.uk/publication/documents/crypto-roadmap.pdf>

<https://www.fca.org.uk/publications/discussion-papers/dp24-4-regulating-cryptoassets>

<https://www.legislation.gov.uk/ukxi/2025/17/article/2/made>

