EMAIL SUBMISSION TO: dp24-4@fca.org.uk

To whom it may concern,

Re: Financial Conduct Authority (FCA) DP24/4 Regulating cryptoassets: Admissions & Disclosures and Market Abuse Regime for Cryptoassets

About Global Digital Finance (GDF) and Crypto Council for Innovation (CCI)

GDF and CCI are the two leading global members' associations representing firms delivering crypto and digital assets solutions. Our members span the digital asset ecosystem and include the leading global crypto exchanges, stablecoin issuers, digital asset Financial Market Infrastructure providers, innovators, and investors operating in the global financial services sector.

Our members share the goal of encouraging the responsible global regulation of crypto and digital assets to unlock economic potential, improve lives, foster financial inclusion, protect security, and disrupt illicit activity.

We believe that achieving these goals requires informed, evidence-based policy decisions realised through collaborative engagement between regulators and industry. It also requires recognition of the transformative potential of crypto and digital assets, as well as new technologies, in improving and empowering the lives of global consumers.

We support and encourage a comprehensive UK digital asset regulatory approach which is robust, proportionate and pro innovation. Appropriate regulatory guardrails are crucial to ensure the continued growth of the UK ecosystem, to further attract the predominantly global industry, and to realising the goal of making the UK a digital finance hub.

The input to this response has been curated through a series of member discussions, industry engagement, and roundtables, and both GDF and CCI are grateful to their members who have taken part.

GDF and CCI recognise the significant task the FCA faces in developing a robust regulatory framework amid complex policy considerations, tight timelines, a diverse and evolving industry, and shifting government priorities. We greatly appreciate the FCA's proactive approach in navigating these challenges and remain fully committed to supporting its efforts in any way possible. Our combined membership stands ready to assist you as you continue to navigate the challenges ahead.

Yours faithfully,

Elise Soucie – Executive Director, Board Member – GDF
Laura Navaratnam - UK Policy Lead, CCI

Response to the Discussion Paper: Executive Summary

GDF and CCI convened their members to analyse the Financial Conduct Authority (FCA) Discussion Paper on **Regulating cryptoassets: Admissions & Disclosures and Market Abuse Regime for Cryptoassets.** Please note that as this response was developed in collaboration with GDF and CCI members that portions of our response may be similar or verbatim to individual member responses or those of our partner associations across the digital finance ecosystem. We support in particular the Global Legal Entity Identifier Foundation (GLEIF) response, and further support the use of the LEI as discussed in our detailed response.

Overall GDF and CCI are supportive of the aim of the discussion paper (referred to henceforth as the DP). As set out in our previous response to the HMT Financial Services Growth & Competitiveness Strategy, ensuring a strong growth agenda, coupled with a legal certainty and regulatory clarity in the United Kingdom (UK) is incredibly important and we support the Government's ambition to restore economic stability, increase investment, and reform the economy to drive up prosperity and living standards across the UK. The depth and breadth of our Financial Services sector, combined with how we have cultivated innovation, means that the UK consistently attracts firms globally that want to start up and scale up here. We are therefore encouraged by the FCA making strides with the DP and the delivery of the response in line with the timeline which was set out for building out the overarching regulatory framework.

GDF and CCI have worked with members to provide constructive feedback on the proposals, and also aim to identify options to overcome challenges identified in the DP. Through this process our collective members have identified key areas that may require further drafting consideration or changes to the FCA's proposed guidance for purposes of clarity, proportionality, and effective implementation. The six core areas identified are:

1. **The Need to Reflect in the Regime the Idiosyncrasies of the Cryptoassets Market and Developing International Regulatory Regimes**
2. **The Need for Better Sub-Categorisation of Tokens and their Respective Associated Risks**
3. **The Need for Proportionality and A Risk-Based Approach Across All Aspects of the Regime**
4. **The Need for Improved Definition and Segmentation of CATPs Based on Client Classification and Token Sub-Categorisation**
5. **The Need for Detailed Guidance on the Market Abuse Risks for Different Cryptoasset Typologies and Between CATPs Aimed at Wholesale vs Retail Customers**
6. **The Need to Further Assess the Unique Ways in which Market Abuse Occurs in Cryptoasset Markets**

1. The Need to Reflect in the Regime the Idiosyncrasies of the Cryptoassets Market and Developing International Regulatory Regimes

GDF and CCI are supportive of the overarching requirements proposed and the objectives the DP is seeking to achieve, specifically, that there should be transparency in the cryptoassets admitted to trading on UK Cryptoasset Trading Platforms (CATPs) through a clear and proportionate admissions and disclosures (A&D) regime and that there should be a market abuse regime in place to protect the integrity of the cryptoasset market that draws from the well-understood concepts of market abuse in traditional finance.

However, GDF and CCI strongly believe that the UK regime implemented to address these objectives should be appropriately tailored to reflect the idiosyncrasies of the cryptoasset market, rather than tracking too closely to concepts borrowed from the regime applicable to transferable securities. In addition, the regime should take into account the need for the UK to adopt an approach that secures its place as a desirable jurisdiction for token listings, which in turn will enhance the UK's position as a desirable place for Web3 businesses - the UK's approach therefore need to remain competitive internationally as compared to other relevant jurisdictions and frameworks (e.g., the European Union's (EU's) Markets in Crypto Assets (MiCA) regime), in particular given the smaller size of the domestic UK market as compared to other jurisdictions like the EU and US.

In summary, in our view, this means that the core principles of the regime should include the following:

(a) Disclosure requirements for issuers should be proportionate and the regime should be flexible enough to take into account the differing risk profile of different typologies of cryptoassets, such that the disclosure requirements applicable to each typology of cryptoassets will differ;

(b) The disclosure document should focus on information which is important to consumers in purchasing each relevant typology of cryptoassets and it should not require the same level of detailed and lengthy disclosures that would typically be required in a prospectus for transferable securities;

(c) There should be a better sub-categorisation of token typologies and their respective associated risks, and the industry should create template disclosure frameworks for each typology, those frameworks to be endorsed by the FCA;

(d) The disclosure requirements should be subject to appropriate exemptions, and these should not be narrower than the exemptions which apply to transferable securities and the existing financial promotions regime;

(e) The disclosure requirements applicable to CATPs when they are required to publish a disclosure document where they are not the issuer should be limited to disclosure of publicly available information;

(f) White papers produced in accordance with the requirements of other robust regimes (e.g., the EU's MiCA) should be able to be used in the UK, with a short "top up" publication to cover off any UK specific requirements;

(g) The rules should be flexible enough to allow for the option for an industry body or consortium entity to take responsibility (and liability) for producing

disclosure documents in relation to certain tokens on behalf of the industry. This kind of industry solution could be particularly helpful in relation to tokens with no identifiable issuer.

(h) Furthermore, the requirements applicable to CATPs should be tailored in a proportionate manner less stringent where CATPs admit only professional clients and/or eligible counterparties as members (CATP market segmentation);

(i) The definition of a public offer should be clear to ensure that Over The Counter (OTC) trades and secondary market trades will not be caught by the definition;

(j) Appropriately lengthy transitional provisions should apply to cryptoassets which have already been admitted to trading by UK CATPs at the time that the new regime comes into force (e.g., the three year transitional period implemented under MiCA);

(k) Issuers should be liable for misrepresentations or material misstatements in the disclosure document but CATPs should not, apart from those circumstances where they are responsible for preparing and issuing the disclosure document and, in those circumstances, where the CATP is not the issuer, the CATP should only be required to make such enquiries as are commercially reasonable to verify the disclosure requirement which should be limited to publicly available information;

(l) CATPs should be responsible for taking the decision to admit or refuse admission of each cryptoasset to their trading venues. However, CATPs should not be subject to prescriptive and onerous diligence requirements and CATPs should be able to decide the appropriate level of diligence to perform on a cryptoasset and its issuer, taking into account the facts and circumstances of each cryptoasset and issuer;

(m) CATPs should be transparent about their admissions criteria but they should not be required to publish information about specific admissions decisions (which could lead to liability for CATPs);

(n) Cryptoassets that are admitted to trading on UK CATPs should no longer be treated as restricted mass market investments under the financial promotions regime but should instead be treated as readily realisable assets, reflecting their listed and liquid nature;

(o) The market abuse regime should be flexible enough to cover the different market abuse risks that apply to different typologies of cryptoassets and should be supplemented by detailed guidance on its application, recognising the idiosyncrasies of the cryptoasset market (which could be produced by the industry and endorsed by the FCA). The guidance should be granular enough to cover key market abuse risks applicable to particular cryptoasset typologies as well as the differing market abuse risks that might apply on wholesale vs retail facing CATPs;

(p) The market abuse regime should adopt safe harbours for legitimate behaviours in the cryptoassets market and the industry should develop a set of accepted market practices ("AMPs") that would not amount to market abuse (such as

market making arrangements and token buybacks and burn arrangements) and the parameters for those AMPs, to be endorsed by the FCA. The starting point for these safe harbours and AMPs should be the UK MAR regime, but the industry could work with the FCA to further tailor these to the idiosyncrasies of the cryptoassets market, as appropriate - any rules and guidance in respect of safe harbours will need to evolve continuously given the rapid evolution of cryptoasset markets, and we would welcome an ongoing forum for the FCA and industry to continue dialogue on these matters;

(q) The systems and controls and surveillance requirements applicable to CATPs should be risk and outcomes-based but should be flexible enough to allow CATPs to decide the appropriate measures to put in place, depending on its market segment and the risks of the assets it has admitted to trading. Given the increased responsibilities being placed on CATPs for monitoring and prevent market abuse, safeguards also need to be put in place to protect trading firms from unfair or inappropriate treatment by CATPs. Furthermore, CATPs should only be responsible for monitoring activity taking place on their own platform;

(r) The systems and controls and surveillance requirements applicable to non-CATP intermediaries should be confined to their own trading activities. Given the vital role that market makers and liquidity providers play in facilitating price discovery, liquidity and orderly markets more broadly, the regime needs to avoid acting as a disincentive from providing liquidity on UK CATPs; and

(s) While CATPs should be responsible for monitoring trading on their venues to detect and address market abuse risks, CATPs should not be held responsible for specific instances of market abuse or suspected market abuse unless there are material failings in the CATP's systems and controls with the CATP's Principle 11 obligations being triggered by that standard; and

(t) The cross-platform information sharing requirements should be subject to appropriately lengthy transitional provisions to enable industry-led standards and solutions to emerge for these data-sharing arrangements and to ensure that appropriate data privacy requirements are met.

We have set out below more information with respect to a number of the core principles above.

2. The Need for Better Sub-Categorisation of Tokens and their Respective Associated Risks

The DP captures a wide range of cryptoassets, excluding only those already classified as specified investments, such as security tokens and crypto derivatives. As a result, the proposed framework applies to a diverse set of assets, including fiat-referenced stablecoins, utility tokens, native cryptocurrencies, meme coins, and asset-referenced tokens such as spot commodity-referenced tokens. Given the differences in their characteristics, use cases, and risk profiles**,** further differentiation within the regulatory approach would help ensure that the regime properly achieves its aims, and is proportionate and effective.

This challenge is not unique to this DP but extends to the broader regulatory framework being developed. As the FCA progresses with its forthcoming discussion and consultation papers - including those on trading venues and other aspects of crypto market structure - there is an

opportunity to ensure greater clarity in how different types of cryptoassets are categorised and treated under the regime**.**

While consistency in regulatory treatment is important, a more tailored framework could help avoid unintended consequences, particularly for cryptoassets used in non-financial contexts. For example, utility tokens often function as access and/or governance credentials to decentralised services rather than as investment products. A more granular classification would help ensure that regulation is proportionate to the risks posed by different types of cryptoassets and does not inadvertently constrain areas of innovation that do not raise financial concerns. For example, as discussed further in our response to Question 8, GDF strongly supports the point raised in 2.30 that the industry could develop standardised disclosure templates for the more detailed disclosures under the A&D regime. A more granular classification of cryptoassets under the FCA's regime which reflects the different risks posed by different cryptoasset typologies could be beneficial for a number of reasons:

(a) It could form a solid basis for the industry adopting tailored disclosure templates which are proportionate to the relevant risks posed by each cryptoasset typology. Adopting a tailored and proportionate approach to disclosures will balance the FCA's objectives of information transparency and informed decision-making, alongside improving regulatory clarity and supporting growth, innovation and competition in the UK market;

(b) It could also assist CATPs with their role in performing risk-based due diligence on cryptoassets and their issuers at the admissions gateway;

(c) A more granular classification of cryptoasset typologies could form the basis for the detailed guidance on market abuse proposed in section 1(k) above;

(d) It would therefore be helpful to CATPs in adopting risk-based systems and controls and surveillance measures, taking into account the relevant tokens admitted to trading on the CATP (as per the proposal in section 1(m) above); and

(e) It would provide consumers with more tailored and relevant information to assist them in their decision making.

The inclusion of asset-referenced tokens (ARTs, as they are classified under MiCA) in the scope also raises important considerations. While security tokens and crypto derivatives are explicitly excluded, the current scope implies that commodity-backed and other real-world asset-referenced tokens that do not otherwise fall under the existing RAO regulatory perimeter are captured within the same framework as other cryptoassets. This raises questions about whether these tokens are best classified as cryptoassets, whether they should instead be considered within the regulatory frameworks for commodity spot markets - such as REMIT in the case of energy markets - or whether a distinct approach is required. Further clarity on this point would help ensure regulatory coherence and avoid potential duplication or inconsistencies across different areas of financial regulation.

More broadly, the FCA's approach to defining the regulatory perimeter will play a key role in shaping the UK's competitiveness as a jurisdiction for cryptoasset businesses**.** Other jurisdictions are increasingly differentiating between cryptoasset types, ensuring that regulation is aligned with risk while remaining internationally consistent. As frameworks develop in regions such as the EU (under MiCA) and the US, there is an opportunity for the

UK to adopt a similarly nuanced approach. A framework that is able to align with international developments while ensuring appropriate UK-specific safeguards would enhance regulatory clarity for market participants, reduce fragmentation, and mitigate the risk of regulatory arbitrage.

The FCA's commitment to establishing a balanced and well-regulated cryptoasset market is welcome and ensuring that the framework is both targeted and proportionate will be key to its long-term success. A more refined classification system - one that acknowledges the diversity of cryptoassets, their varying risk profiles, and their different roles within the economy - would help create a robust regulatory framework that protects market integrity while fostering innovation in the UK's digital asset sector.

3. The Need for Proportionality and A Risk-Based Approach Across All Aspects of the Regime

GDF and CCI strongly believe that the regime should be drafted in a manner that is proportionate and should allow CATPs to adopt a risk-based approach to compliance requirements, taking into account factors such as the market segment of the CATP and the typologies of cryptoassets admitted to trading on the CATP. We are concerned that detailed, onerous and prescriptive compliance requirements on CATPs in areas such as due diligence at the admissions gateway could be disproportionate and may not focus on the key risk areas applicable to CASPs as the market develops.

In particular, we are concerned that the due diligence requirement on CATPs is disproportionate, too prescriptive and does not adopt a risk-based approach. It also goes far beyond requirements in other comparable jurisdictions - e.g., the EU's MiCA. In many instances, the level of diligence required by the DP will simply not be possible and, where it is possible, it will be costly, and may disincentivise UK CATPs from admitting tokens to trading, with potential negative effects on UK consumer choice and competition. There would also be a negative impact on Web3 projects and other issuers who may face unnecessary barriers to listing in the UK.

Furthermore, certain aspects of the proposals in the DP raise questions as to their practical feasibility. For example, the requirement for firms to conduct due diligence, analyse, and detect any and all suspicious activities on "the cryptoasset's underlying DLT", is in effect to mandate that they have supervision and risk management over the whole of the blockchain. GDF and CCI feel that this is neither proportionate, nor appropriate and risks driving firms out of the UK and threatening the FCA competition objectives as well as the Government's aim to drive growth.

Instead of this approach, GDF and CCI would encourage the FCA to adopt a risk-based approach under which CATPs determine whether to admit a cryptoasset to trading based on their own assessments. CATPs should have flexibility in their diligence processes, rather than being subject to overly prescriptive and burdensome requirements.

At the same time, we support the UK's outcomes-based approach to disclosure requirements, which allows CATPs to determine the best way to meet FCA standards. However, we encourage the FCA to introduce incentives to promote industry-wide coordination. Specifically, when an asset has already been listed or offered in the UK, any subsequent CATP listing the same asset should be able to rely on the existing disclosures. This would enhance

consistency, reduce duplication, eliminate regulatory arbitrage, and lower compliance costs, all of which benefit consumers.

Additionally, the FCA should differentiate between three levels of information disclosure, based on who is responsible for providing the information:

- Issuer-Published Disclosures – Where the asset's issuer provides the disclosure information.
- CATP-Initiated Disclosures – Where a CATP initiates the admission of a token to trading and assumes responsibility for the disclosures.
- Issuerless Tokens – Where there is no identifiable issuer, requiring a different approach to disclosure obligations.

Each category should have its own tailored information requirements and associated liability framework. The EU's experience with MiCA has demonstrated that CATPs are reluctant to assume excessive liability for white papers, given the extensive and rigid information requirements. This has resulted in newly listed assets being unavailable in the EU, restricting consumer access to innovation in Web3.

To avoid the same outcome, we urge the FCA to ensure that CATPs are not held liable for the accuracy or completeness of information that is not publicly available or cannot be independently verified. Any requirement for CATPs to issue disclosures should adhere to the principle of "reasonableness", with a shift towards a "commercially reasonable efforts" standard—rather than imposing unrealistic liability burdens on trading platforms.

Finally, it is essential that the introduction of new admissions and disclosure requirements does not disrupt market stability. We recommend that the UK aligns its transition period with MiCA, which provides a three-year grandfathering period for assets that are already listed, circulating, and widely known to market participants. Moreover, the UK should recognise the EU's asset listing and disclosure regime as equivalent, allowing firms to use EU-compliant white papers to meet UK disclosure requirements. This would prevent unnecessary duplication and streamline regulatory obligations across jurisdictions.

4. The Need for Improved Definition and Segmentation of CATPs Based on Client Classification and Token Sub-Categorisation

We would encourage the FCA to clarify the definition of CATP - harmonised with the Treasury's use of "crypto asset trading platform". We believe this is crucial to enhance clarity between the regulatory regimes so firms can focus on innovation.

We strongly encourage the FCA to ensure that the CATP definition is precise and appropriately scoped to capture platforms that genuinely function as trading venues while excluding firms whose activities, though related, do not meet the core characteristics of a crypto asset trading platform. This clarity will support regulatory proportionality, reduce unnecessary regulatory burden, and foster a more coherent and effective supervisory approach.

Additionally, we also believe that segmentation may provide an effective tool for CATPs to manage both Market Abuse and Consumer Protection risks by differentiating access, trading conditions, and oversight requirements based on participant type, asset classification, or market function. Segmentation has been successfully used in areas such as the Premium and Standard listing segments under the UK Listing Rules, which impose higher disclosure and governance standards on certain issuers to enhance investor protection. Similarly, trading venues offer

segments that differentiate between Retail and Professional clients, as seen in the structure of the LSE's Main Market and AIM, where regulatory requirements are tailored to the risk profiles of participants.

Applying similar principles, CATPs could also combine client-based segmentation with asset segmentation based on the categorisation of cryptoassets in the context of their characteristics and risk profiles (see point 1 above). For example, meme coins could be subject to enhanced risk warnings in their admissions document, but trade on retail client-oriented markets. Asset-referenced tokens, such as those backed by commodities, could be segmented based on their underlying asset's regulatory treatment, ensuring alignment with commodity or financial regulations where appropriate.

These measures would allow for a more risk-sensitive and proportionate regulatory approach, helping to mitigate market abuse while ensuring that disclosure and governance standards are aligned with the nature of the asset and the profile of the market participants engaging with it.

5. The Need for Detailed Guidance on the Market Abuse Risks for Different Cryptoasset Typologies and Between CATPs Aimed at Wholesale vs Retail Customers

Retail clients and wholesale/professional market participants – and the CATPs aimed at them - present different market abuse risks due to differences in participant sophistication, trading behaviour, and market structure.

From a Retail perspective, less experienced investors - who may be more susceptible to misleading information and manipulative trading strategies – are often the targets of market abuse. Pump and dump schemes, for example, are very common, in which bad actors coordinate to artificially inflate a cryptoasset's price, often leveraging social media and chat groups to attract more naïve investors before abruptly selling off their holdings. Misleading disclosures and fraudulent claims by token issuers or promoters further exacerbate risks. However, to mitigate this risk we would encourage the regulatory framework to take into account the nuances which may be required, and support Retail participants with the appropriate tools and disclosures to assess the validity of information presented to them. We would note that these may look different than those presented and utilised in capital markets.

In contrast, wholesale and Professional-oriented participants and CATPs are subject to more sophisticated market abuse risks, which can leverage complex trading strategies and take place across multiple CATPs or even multiple jurisdictions. Techniques such as spoofing and quote stuffing, first developed in traditional financial markets, can also be used in cryptoasset markets. On the other hand, as for traditional securities markets, there are a number of legitimate behaviours and accepted market practices that are typically adopted by institutional players and professional investors which are important to a well-functioning market. These legitimate behaviours and accepted market practices should be expressly permitted in the new regime, and they should be implemented in a manner which allows some flexibility, given the fast-moving pace of the cryptoasset industry.

Similarly, different market abuse risks may present themselves to different typologies of cryptoassets. For example, the market abuse risks applicable to stablecoins will be very different to those applicable to meme coins.

Given that a one-size-fits-all approach is unlikely to be effective, clear industry guidance, endorsed by the FCA, as to the applicability of these concepts in different scenarios and to different customer types will be key.

6. The Need to Further Assess the Unique Ways in which Market Abuse Occurs in Cryptoasset Markets

A well-calibrated approach to regulating market abuse in cryptoasset markets should begin with a comprehensive assessment of the specific risks associated with these markets and a consideration of the most effective framework for addressing them. Given the unique characteristics of cryptoasset trading - such as its global nature, market fragmentation, and the absence of centralised issuers in many cases - it is important that any regulatory framework is designed to reflect these realities if it is to be truly effective in achieving its objectives. The DP rightly acknowledges many of these challenges, but the proposed approach appears to largely retrofit the existing Market Abuse Regulation (MAR), which was developed for traditional financial instruments, without fully considering whether it is the most effective tool for mitigating risks of market abuse as they are manifested in the cryptoasset space.

Cryptoassets differ significantly from traditional financial instruments in how they are traded, governed, and priced. Unlike traditional financial instruments, they often lack a primary trading venue or an identifiable issuer, and their market structure is inherently cross-border, making jurisdictional oversight more complex. Many cryptoassets are traded across multiple platforms, both centralised and decentralised, with price discovery occurring globally rather than within a single, regulated marketplace. These factors present practical challenges to the application of MAR in its current form.

A key consideration is how concepts such as insider dealing, and unlawful disclosure of inside information can be effectively applied to cryptoassets. While these principles are well-established in traditional financial markets, they may not always translate directly to cryptoassets, particularly in cases where governance is decentralised, and key developments are discussed openly in online forums and code repositories. Similarly, market manipulation risks in crypto markets may differ in nature from those seen in traditional finance, requiring tailored solutions rather than an extension of existing rules.

Given the cross-border nature of these markets, a single-jurisdiction approach also has inherent limitations. Many trading platforms serving UK users have multi-jurisdictional presences and / or connect to trading venues and liquidity pools in other jurisdictions, meaning that effective regulatory oversight and enforcement will require international coordination. An approach that is too narrowly focused on UK-specific rules, without strong engagement with global standard-setters such as IOSCO and the FSB, could risk creating regulatory misalignment, leading to fragmentation and compliance challenges for firms operating across multiple jurisdictions.

A more effective approach might involve a structured risk assessment, focusing on where the greatest harms occur and how regulatory intervention can be best targeted. This could include exploring mechanisms for enhanced transparency on trading platforms, cross-platform cooperation on surveillance, and clearer standards for support of price discovery and data integrity. The FCA could also further consider the practical enforcement challenges of applying traditional market abuse rules to a highly decentralised and technology-driven environment.

The FCA's commitment to developing a balanced regime that supports market integrity while fostering innovation is welcome, and industry stakeholders would value the opportunity to further collaborate in shaping an approach that is both effective and proportionate. By engaging with market participants to refine the regulatory framework - ensuring it is tailored to the specific challenges and nuances of cryptoasset markets rather than retrofitted from traditional

finance - the UK can set a model that not only mitigates risk but also supports the sustainable growth of a well-functioning digital asset ecosystem.

Response to the Discussion Paper: Questions for Public Consultation

Please note that given our focus areas set out in the executive summary that we have provided feedback and input aligned to these the key areas.

Chapter 1: Overview

1. Do you agree with the outcomes we are seeking for the overall regime? Are there any important outcomes we may not have included, or any that you believe are not appropriate?

Yes, GDF and CCI are supportive of the outcomes that the FCA is seeking and in particular we support working towards the outcomes of innovation, financial inclusion and digital literacy. However, with regards to the last outcome set out, "The benefits and positive use cases for crypto and its underlying technology are understood by market participants. Innovation is permitted or encouraged in line with appropriate regulation to enable crypto and its underlying technology to be developed and exploited, while also looking to mitigate any risks." We would encourage the FCA to be more ambitious and also aim to align the framework to their competitiveness objective as well as broader growth initiatives within the UK. The framework should see to stimulate and drive responsible innovation, as well as these broader growth and competitiveness objectives and we would welcome the FCA making this explicitly clear in their final policy statement. Similarly, we would recommend expanding the outcome of 'effective competition' beyond just the crypto market, and also take into account the need to reduce barriers to listing, in order to increase competition in the broader Web3 ecosystem.

Another key point we wish to raise with regards to outcomes is that while we wholeheartedly share the ambition of minimising criminal activity, stating that crypto will not be attractive for "any other criminal activity" might be setting an unrealistically high bar as criminal activity occurs across financial services, both within and outside of cryptoasset markets. Instead, we would encourage the FCA to focus on proactively mitigating the most significant risks, such as large-scale money laundering, terrorism financing, and market manipulation, through targeted and effective measures, which is likely to be a more pragmatic and ultimately more achievable objective.

Cryptoasset markets are capable of evolving at considerable pace, as we have seen not only in the rapid emergence of tokenised money market funds and so-called 'yielding stablecoins' over the past 12 months, but also in the meteoric rise of stablecoin prominence on the global stage following the recent US election. This rapid innovation and the emergence of new paradigms such as meme coins lead to new market structures, entrants and corresponding risks arising. There is a real danger that by the time the proposed regime takes effect in 2026, it will already have elements of redundancy and may not be fit for purpose. Effective regulation that can keep pace with such rapid change and innovation cannot be overly prescriptive but must instead be principles-based, and we urge the FCA to use all the tools at its disposal in implementing a cryptoasset regulatory regime that is practicably flexible and adaptable to encompass new token types, trading models and market structures.

In particular, an outcome that should be expressly recognised in the regime is ensuring that the UK's regulatory regime for cryptoassets is in line with, and not more stringent than, international standards in comparable markets (such as the EU). Regulation can be a positive driver of growth and competition, however, an overly burdensome regulatory regime that is

not in line with the approaches in other comparable markets can have the opposite effect. There are elements of the proposed regime set out in the DP that we strongly believe are disproportionate and will have an anti-growth and anti-competitive impact on the UK market. For example, the onerous due diligence requirements proposed for CATPs for admission of cryptoassets goes beyond the requirements in comparable regimes (such as MiCA) and would place a significant burden on CATPs that we do not believe is proportionate. We would urge the FCA to ensure that the proposed regime takes into account international standards as they are developing and to not place additional red tape on market participants that could make the UK uncompetitive internationally.

Further to this point, we would also note that there are various other regulatory frameworks that seek to achieve similar outcomes and the rules should avoid being duplicative. For example, if the objective is consumer protection in some areas the existing UK financial promotions regime for cryptoassets may be better placed to be expanded to cover some of the disclosure requirements and objectives set out in this DP. For example, there is already a requirement to make specific DOFP risk factors public for different types of tokens offered to the public in the UK. One of the FCA's objectives sets out the importance of an 'appropriate degree of consumer protection' and we would encourage that proportionality be taken into account both in the objective of this regime as well as how it interacts with other FCA requirements, such as the Financial Promotions Regime, which may be more effective in achieving those specific outcomes.

However, regarding the financial promotions regime more broadly, we would welcome clarity on how these proposed rules interact with the existing financial promotion rules. Specifically, if regulated CATPs have specific rules relating to admissions and disclosure requirements there is good reason to believe that, subject to user testing to confirm consumer protection, the existing classification of cryptoassets as high-risk investments and related requirements in the COBS Rules would be unnecessary, and disproportionate when compared to the marketing of other financial instruments. Duplication of the existing financial promotions regime for cryptoassets into the new A&D regime would cause confusion. The A&D regime construction would be an opportune time to assess the continued effectiveness and relevance of the financial promotions regime for cryptoassets.

Additionally, we would also encourage the FCA at the outset to sub-categorise different types of tokens and their associated risks, with appropriate treatment of these risks via more tailored frameworks commensurate with the level of risk. Fully backed stablecoins will not have the same nature and scale of risks as meme coins, and a proportionate regulatory approach would enable firms to adjust accordingly to where the risk lies in order to truly minimise market abuse in crypto asset markets. Currently, the definition of 'crypto asset' as set out by HMT is very wide. We believe that a more granular sub-categorisation of token typologies could form the basis for more tailored admissions and disclosure templates to be produced by the industry which take into account the different risk profile and need for information transparency that applies to different token types (e.g., stablecoins vs governance tokens).

If we take into context the structure of trading venues as they exist in traditional markets, there is the ability to structure the trading venue in such a way that different types of products are offered separately in different segments[1] – and to different categories of investors. Enabling

[1]"Segments" on a trading venue refer to distinct areas within a single exchange or trading platform where specific types of financial instruments are traded, allowing for different rules, trading mechanisms, and

Crypto Asset Trading Platforms (CATPs) to be segmented, alongside a clear sub-categorisation of different types of tokens will enable the FCA to achieve their outcomes more effectively. It will also work to truly minimise the unique types of risk that arise in different areas of cryptoasset markets.

Further to this point however, as set out in our executive summary, we would encourage the FCA to clarify the definition of CATP - harmonized with the Treasury's use of "crypto asset trading platform".

2. Do you agree with our assessment of the type of costs (both direct and indirect) which may materialise as a result of our proposed regulatory framework for A&D and MARC? Are there other types of costs we should consider?
Yes, broadly we agree with the assessment and would note specifically the following costs:

- *Compliance and Infrastructure Upgrades*: technology, systems, and data management, including integration of new systems with old.
- *Human Resources and Training:* new specialists and existing staff training.
- *Legal and Advisory Services*: potential increase to consulting fees, legal fees, new processes and policy development internally, and regulatory risk/uncertainty as firms wait for final guidance. Additionally, there will be costs for ongoing monitoring and regulatory adaptation.
- *Operational and Administrative Costs:* Increased reporting and audit, ongoing monitoring and maintenance
- *Cyber Security:* increased costs due to enhancements needed.
- *Liquidity Requirements:* these could significantly increase operational costs,
- *Insurance Premiums:* these could also increase but there is scope for the FCA could perhaps support on facilitation of this sector.
- *Issuer Costs:* The FCA's focus on this section is on costs to CATPs associated with the new regime, however, the A&D requirements will also impose material additional costs on issuers which should also be taken into account. In particular, the costs of producing a disclosure document could be substantial which could restrict access to the market for smaller issuers, with knock-on effects on innovation in the UK market. For this reason, we believe that the list of mandatory disclosures should be restricted to core information about the token and the issuer and that the additional disclosures should be tailored in

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sometimes even different participant access depending on the asset class or characteristics of the instruments being exchanged; essentially, it's a way to categorise and organise trading activity within a single venue.

Segments can be based on factors like asset class (e.g., equities, derivatives, bonds), company size (e.g., large-cap, small-cap), or trading style (e.g., auction-based, continuous trading).

Different segments may also have specific regulatory requirements depending on the type of instruments traded as well as restricted access to certain types of market participants.

Example of trading venue segments:
Stock exchange:
Main market (for large, established companies)
Small-cap market (for smaller companies)
Growth market (for high-growth potential companies)

Derivative exchange:
Equity options segment
Futures segment
Currency futures segment

a proportionate manner, taking into account the typology of the cryptoasset that is being issued.

Finally, as noted above under Q1 we are also concerned about some of the costs to the UK's overall competitiveness. As set out under our executive summary we are concerned that the regime as set out may not achieve the intended outcomes for market participants, especially consumers. As such, we are concerned that the cost vs the market impacts may have an unintended detrimental impact on UK competitiveness. Indirectly, this may then have a knock-on effect leading to reduced innovation, slower time to market and barriers to entry.

To fully understand the implications of the proposed regulations, GDF and CCI recommend that the FCA undertake a comprehensive and detailed cost-benefit analysis. A robust cost-benefit analysis will provide a more holistic understanding of the overall impact of the A&D and MARC framework. It will be invaluable in ensuring that the final regulations are practical and proportionate, fostering a healthy and thriving crypto asset market in the UK. GDF is committed to supporting this process and working constructively with the FCA to achieve a balanced and effective regulatory environment.

3. How do you anticipate our proposed approach to regulating market abuse and admissions and disclosures (see Chapters 2 and 3 for details) will impact competition in the UK cryptoasset market? What competitive implications do you foresee as a result of our regulatory proposals?

GDF and CCI note that to support the UK's competition globally proportionality will be crucial to consider throughout the implementation of the regime and in how the requirements are applied. For example, smaller crypto asset trading platforms (CATPs) with a fraction of the trading volume of traditional venues and market infrastructure, should have the requirements applied to them in a more proportionate manner. Similarly, it would be beneficial for smaller issuers to implement de minimis thresholds that apply to the additional disclosures, which would allow for shorter-form disclosure documents to be published where the public offer does not meet those minimum thresholds, similar to the thresholds that apply in the Prospectus Regulation.

GDF and CCI note that for many firms, especially smaller ones, the requirements proposed throughout the DP could be resource-intensive and complex. We would reiterate that the requirements should be proportionate to both firm size, as well as the scope of their activities. Reporting requirements should be implemented where a firm can reasonably report on the activities they are conducting and have sight of within the market. A regulatory grace period / safe harbour would also be beneficial for smaller players. This would be consistent with the existing UK Market Abuse Regime (MAR) which had criteria to adjust for application based on size and risk.

Further to the above we would also note that competition for incumbents is something that should be supported, and that the UK has been encouraging in FinTech for years. All firms which meet the FCA's standards should be encouraged and supported in meeting proportionate regulatory requirements, aligned to the risk they pose. This is especially critical as the Consumer Duty is outcomes-based and "allows firms to innovate and respond to technological changes and market developments while focusing on delivering good customer outcomes." as set out in 1.25 of the DP. The FCA should focus on services/products as opposed to an outsized focus on the technology itself. Proportionality is key to support FCA's strategic outcome in

relation to competitiveness and growth within the UK and should take into account the size as well as scope of activities.

Additionally, we anticipate that the UK's approach would want to take consideration of established global positions (e.g., MiCA) and developments (US) such that firms who are operating internationally can equally do business in the UK on the basis of regimes that allow business to navigate these different regulatory frameworks.

Finally, for some of the challenges highlighted in our response, such as those related to due diligence and what is / is not achievable, if firms feel they cannot comply they will move their business elsewhere which will negatively impact the UK's global competitiveness as a home for crypto and digital assets.

Specifically, if more CATPs move outside of the UK's regulatory oversight and perimeter, this could potentially increase UK consumer harm in some cases. This could result in the unintended consequences of:

- A smaller, consolidated pool of CATPs (due to burden of operating CATP);
- Highly consolidated asset listings (due to admissions & DD);
- Fewer token launches or crypto projects in the UK, to a smaller investor base.

4. Do you agree with our view that while the Consumer Duty sets a clear baseline for expectations on firms, it is necessary to introduce specific A&D requirements (see Chapter 2 for details) to help support consumers?

Yes, GDF and CCI are supportive of the overall outcomes the UK is seeking and believe that introducing specific, proportionate, A&D requirements that are risk-based and proportionate to the nature of the activities and firm as we see across the majority of regulated financial services, will support consumers and the FCA's overarching regulatory objectives. We recognise that the FCA's Consumer Duty is designed to ensure firms act in the best interests of their customers by delivering fair value, providing clear and comprehensible information, and supporting informed decision-making. This framework imposes a higher standard of care, requiring firms to proactively identify and mitigate risks that could lead to consumer harm.

In contrast, the A&D regime, while also focused on transparency, serves a distinct purpose—ensuring that investors and market participants have access to accurate and comprehensive information when cryptoassets are admitted to trading. While both frameworks aim to enhance market confidence and consumer protection, the Consumer Duty applies broadly to firms' interactions with retail customers, whereas the A&D regime is specifically designed to uphold market integrity by setting disclosure standards at the point of admission and throughout an asset's trading lifecycle.

For example, under the A&D regime, if the FCA permits a market-led approach to ensuring consistency among disclosure documents, as outlined and recommended in this Proposal, and does not take direct responsibility for reviewing these documents, how would this interact with Consumer Duty requirements—particularly in cases where market practice is later deemed insufficient? It is essential that the Consumer Duty establishes clear and proportionate requirements for firms' communication with retail customers and provides well-defined liability structures to ensure compliance.

Notwithstanding the above, it is arguable that the A&D regime for cryptoassets should distinguish between Retail and Professional clients, as their information needs, and risk profiles differ. Precedent exists in traditional financial markets, where disclosure requirements under regimes such as the UK Prospectus Regulation and MiFID II are calibrated based on investor classification, with retail investors receiving greater protections and more detailed disclosures than professional clients. This differentiation ensures proportionate regulation while maintaining market integrity.

Where a CATP is intending to offer services exclusively to Professional clients, or where a CATP does not intend to offer trading in a certain cryptoasset to Retail clients, this should therefore be taken into account in the A&D requirements that are applied to them.

Finally, we would also note an inconsistency with traditional markets where the duty is on the issuer, not the exchange or broker as opposed to what is currently proposed for CATPs. We would note that in TradFi the duty on the broker (CATP equivalent) is simply to provide the information provided by the issuer, not create the information. We are concerned that the approach as presented will lead to different information being created by different CATPs for the same product/token which could lead to consumer confusion and also places an outsized burden on CATPs. For this reason, this Proposal advocates for both a harmonised approach across industry to creating disclosure templates and proportionate liability imposed on CATPs as part of any disclosures regime.

Overall, we are supportive of the outcomes that the FCA seeks but as discussed in our executive summary we believe the A&D Requirements should have:

- Tailored and Granular Disclosures for Unique Crypto Characteristics;
- Standardised Information for Enhanced Comparability and Informed Choice;
- Should Establish a Clear Liability Framework for Accountability;
- Should have a targeted Focus on Addressing Specific Crypto-Related Risks (noting that not all are unique to the sector, although some risks are more prevalent currently due to the current lack of regulation and overall maturity of the sector).

Chapter 2: Admissions & Disclosures

5. Do you agree with the risks, potential harms and target outcomes we have identified for the A&D regime? Are there any additional risks or outcomes you believe we should consider?

Yes, GDF and CCI are broadly in agreement with the risks and potential harms identified. However, we would note that many of these risks also exist in traditional financial markets and are not unique to crypto. Thus, we would encourage the FCA to develop requirements which are proportionate and appropriate for the risks identified and do not place an outsized compliance burden on firms.

We would also refer back to Q4 with respect to the purpose of the A&D regime, specifically the suggestion that an effective A&D regime for cryptoassets should distinguish between Retail and Professional clients, as their information needs, and risk profiles differ.

Additionally, we would encourage a clearer distinction between requirements under A&D that is a factual presentation and sharing for public information of all relevant information that can

reasonably be obtained by an entity vs requesting firms to make a value judgement as to whether an investor should invest (irrespective of retail or wholesale) - this is not required under the UK's Market Abuse Regime and we would propose ought not to be included in any framework discussion for A&D/MARC.

As discussed throughout our response we believe the FCA should focus on regulated activities and services, in line with a technology neutral approach, to seek to ensure that firms appropriately manage those risks and have the right skills and resources to do so.

6. Should an admission document always be required at the point of initial admission? If not, what would be the scenarios where it should not be required? Please provide your rationale.

We are generally supportive of this approach and of parity with existing market requirements in this regard with a number of caveats:

1. There should be an appropriate and proportionate transitional regime for cryptoassets that have already been admitted to trading on UK CATPs (for example, the EU MiCA regime provides a substantial transitional regime for most tokens that have already been admitted to trading on a trading venue). The person who initiates the application (whether or not that person is also the CATP) should be permitted to rely on other admission documents published on the NSM in cases where that cryptoasset is trading on other CATPs.
2. Similarly, where other aspects of the admissions document mirror information already provided to the CATP and/or published on the NSM, the person initiating the application should be allowed to rely on that information in the admissions documentation. This may include details of the person seeking admission or details of the issuer.
3. The definition of "public offer" should be drafted clearly and similar private placement exemptions to those that currently apply to public offers of securities should also apply, for example, to ensure that offers only to qualified investors or off-market OTC transactions would not constitute a public offer.
4. Once admitted for trading, subsequent trades in the secondary market should not require repeated publication and submission of an admission document and, instead, the initial admission document will remain on record on the NSM.
5. Finally, as noted previously in our response we also believe that HMT should include exclusions not just exemptions, so it is clear what is in scope of FCA regulation as the current definition of crypto asset is still quite broad.

Specifically with respect to regulated UK stablecoins - and given that the proposed UK regulatory framework for stablecoins is designed for them to be structured and supervised explicitly as a form of money, and therefore subject to rigorous prudential, redemption, and disclosure requirements at the issuer level - we believe that applying additional A&D requirements for their inclusion on UK CATPs would be unnecessary and disproportionate. When the UK's regulatory framework for stablecoins takes effect, the issuers of such regulated stablecoins will be required to provide comprehensive transparency regarding their reserves, governance structures, operational resilience, and redemption processes, with the objective of ensuring consumer protection and financial stability. Introducing supplementary disclosure obligations at the CATP level for these assets would duplicate existing requirements, imposing additional compliance burdens without clear benefit.

In contrast, stablecoins issued outside of the UK's regulatory perimeter - which may not be subject to equally robust prudential, transparency, or safeguarding standards - could potentially be subject to appropriately targeted A&D requirements prior to their admission to UK CATPs. This differentiation recognises the importance of ensuring adequate consumer protection and market integrity, particularly for stablecoins whose governance, backing, and redemption arrangements may not be fully transparent or consistently regulated. Such an approach would support both innovation and investor confidence, while appropriately managing the risks posed by stablecoins admitted to UK markets.

7. Should an admission document be required at the point of further issuance of cryptoassets that are fungible with those already admitted to trading on the same CATP? If not, what would be the scenario where it should not be required? Please provide your rationale.

No, GDF and CCI members do not feel that an additional admission document should be required. As set out under Q6, in line with existing admissions requirements in traditional markets, admission documents are not required for previously listed or pre-existing instruments. If the cryptoasset is fungible with those already listed, we believe it would fall under the 'pre-existing' category and is not tangibly different. Thus, no additional admission document should be required.

If the crypto asset is tangibly different (e.g., has material changes to core characteristics or in the case of exceptionally large-scale issuances with significant market impact) in these specific cases an additional document may be required.

8. Do you agree with our proposed approach to disclosures, particularly the balance between our rules and the flexibility given to CATPs in establishing more detailed requirements?

GDF and CCI note that first we strongly support the point raised in 2.30 that industry could develop standardised disclosure templates for the more detailed disclosure list. As the FCA notes in 2.27, it would benefit the framework to be flexible and future-proof and carefully consider what the most crucial requirements are for the mandatory disclosure list. As such, we support the FCA's suggestion to have one mandated minimum disclosure list and a second industry standard template for more detailed disclosures which, as discussed above, could be tailored to specific cryptoasset typologies, allowing for a proportionate approach to disclosures depending on the risks specific to each cryptoasset typology.

Furthermore, GDF and CCI believe it would be a beneficial exercise for industry associations to work cooperatively with their members to develop such a set of templates and we would be happy to drive this collaborative initiative.

These industry led efforts could be coupled with and supported by:

- The Establishment of Clear and Comprehensive Baseline Standards by the FCA;
- Active FCA Monitoring and Proactive Oversight of CATP Implementation;
- Provision of FCA Guidance, Support, and Best Practice Examples for CATPs; and
- Commitment to Periodic Review and Adaptive Adjustment of the Framework.

With regards to the minimum disclosure list itself, we consider the '*identifier code for distinguishing the cryptoasset'* a critical data element which we strongly support being on the minimum disclosures list. As set out under the UK's MiFIR review, we support using the

Digital Token Identifier (DTI) for this purpose. Furthermore, having the DTI also allows consumers to compare the same cryptoasset across different trading platforms, and provides additional reference data (e.g., ledger, mechanism, address).

Noting however that native tokens can in some circumstances be traded yet in other circumstances used for other purposes. Ideally the regulatory framework should accommodate the dual use in comparison with the broad categorisation of tokens and be clear that it applies when tokens are used for trading activity, such that this regime may not always be applicable to the same token depending on the specific circumstance.

9. Are there further disclosures that should be required under our rules, or barriers to providing the disclosures we have proposed to require? Please explain your reasons.

Additionally, it may be beneficial to consider whether to include:

- Legal name of issuer (LEIs)*
- Legal name of whitepaper author (LEIs)*
- Jurisdictions of these entities
- Any regulatory / FIU authorisations of them
- Key individuals/orgs associated with the project
- Enhanced Disclosure of Specific (Project) Risk Factors – Going Beyond Generic Warnings

*With regards to LEI's in particular we would note that the integration of the LEI represents a strategic opportunity to achieve compliance, cost efficiency and global interoperability. The LEI is a consistent and automated means to verify entity identities, assess risks, and ensure compliance with regulatory standards.

As a global and machine-readable tool, the LEI would provide a consistent and standardised approach to identifying crypto asset issuers, thereby contributing to the implementation of a sound verification and risk management framework in the UK crypto market.

Leveraging the LEI in the UK's A&D regime would ensure interoperability and alignment with other jurisdictions, thereby lowering barriers for cross border activity and further promoting supervisory harmonisation. Other jurisdictions such as the EU, in the context of the Markets in Crypto Assets (MiCA) Regulation, already mandate entities seeking to be Asset-referenced tokens issuers to disclose their LEI as part of the authorisation process.
We would also raise for consideration that the "track record" question is currently posing some challenges of interpretation in the MiCA context. We would encourage the FCA to provide greater clarity about the intention and expectation which would allow firms to provide responses that are meaningful to the market. Specifically with regards to operational and cyber resilience - the breadth of the question means that meaningful responses may be challenging - particularly from the perspective of "future threats".

The FCA may also wish to consider phased disclosures as projects mature, ability to share commercially sensitive info, clear guidance to reduce the need for specialised technical experts.

10. Are there any disclosures in the proposed list that you believe should not be required? If so, please explain your reasons.

GDF and CCI have identified certain disclosure requirements that may present challenges in practice:

- Potential Updates or Changes to the Protocols – This requirement is extremely broad and could encompass numerous minor or routine modifications that have little to no material impact on retail consumers. Given the dynamic nature of cryptoasset protocols, many of these changes may be technical in nature and irrelevant from a consumer protection standpoint. Furthermore, the entity responsible for preparing the admissions document may not have direct control over—or even visibility into—these ongoing updates, raising significant concerns about liability. Without clear parameters defining the scope of required disclosures, firms could be exposed to unreasonable compliance burdens and potential legal risks for aspects beyond their control.
- Methods of Using the Cryptoasset – The intended scope of this requirement is unclear. If "methods of use" were interpreted broadly to include all wallets, exchanges, and other platforms that interact with the cryptoasset, this would be highly impractical and disproportionate. Such an approach would necessitate extensive disclosures about third-party infrastructure that issuers or admissions document preparers do not control, making compliance challenging. Further to this point, we would welcome clarification on the role of third-party custodians specifically and confirmation that any regulated entity under FCA can use a third-party custodian so long as the third party is regulated under an equivalent regime (like MiCA or NYDFS). As opposed to the current proposal, CCI and GDF believe that a more reasonable and practical approach would be to clarify that this disclosure pertains to the expected use cases of the cryptoasset, ensuring that consumers receive relevant and meaningful information without imposing an excessive burden on firms.
- We recommend moving the following from *required* to the *optional* list:
    - Greenhouse gas emissions and annualised energy use (should be voluntary information).
    - The cryptoasset's track record, including trading history and major events or technology changes affecting the cryptoasset - as it may be irrelevant for new projects and isn't necessarily indicative of future performance.
    - Due diligence findings.

We recommend refining these disclosure requirements to ensure they remain proportionate, practical, and aligned with the overarching goals of transparency and consumer protection. The whitepaper should focus solely on factual, relevant, and evidence-based data as speculative or unverified claims can be misleading. Additionally, some information like "cryptoasset's ownership concentration and options or lockups for holders including insiders and affiliates" may be too detailed and unnecessary for some types of consumers. While valuable to institutional investors or CATPs, this data may not be relevant to retail consumers, who may not fully understand or prioritise it. As a result, they could miss important information for assessment. We would note as discussed throughout the response that it may be beneficial to create separate documents or sections for different types of stakeholders (e.g., retail vs professional).

Further, a key overarching area of uncertainty in the Proposal is the extent to which admissions documents must be kept up to date. This lack of clarity has significant implications for the proportionality of requiring certain disclosures, as the obligation to maintain accuracy and relevance over time can impose considerable operational and compliance burdens on firms.

Without a clearly defined update mechanism, firms may face uncertainty regarding their ongoing responsibilities, potentially leading to inconsistencies in market practice.

To ensure a balanced and effective approach, we recommend that the FCA, in line with the overarching principles outlined in the Proposal, place the responsibility for establishing clear and proportionate update requirements on the CATP. The CATP would be best positioned to develop and implement criteria that determine when and under what circumstances admissions documents should be updated. This would allow for a market-led approach that aligns with industry practices while maintaining the necessary standards of transparency and consumer protection.

Providing such flexibility would ensure that updates are required only when they are materially relevant to investors and market participants, rather than placing an undue administrative burden on firms for minor or routine changes. We encourage the FCA to clarify its expectations in this regard to ensure that regulatory obligations remain practical, proportionate, and aligned with the evolving nature of the cryptoasset market.

11. Do you think that CATPs should be required to ensure admission documents used for their CATPs are consistent with those already filed on the NSM for the relevant cryptoasset? If not, please explain why and suggest any alternative approaches that could help maintain admission documents' accuracy and consistency across CATPs.

No, GDF and CCI do not necessarily support this requirement. While we consider it reasonable to request CATPs to 'have regard' to documentation already filed on the NSM for the relevant cryptoasset, it is not reasonable or proportionate to require another CATP to adopt 'the same' approach as another CATP. If the FCA implements the approach outlined in this Proposal whereby CATPs assume the responsibility of setting and implementing their own more detailed requirements for the content of admission documents, this approach is incongruous with requiring the CATP to adopt the approach of another. An individual CATP needs flexibility to require the information pursuant to its own due diligence process, rather than being held to a standard set by another yet liable for any shortcomings if that due diligence proves insufficient.

Further, this approach will mean the first CATP to accept a particular cryptoasset to trade will have undue control over what information is provided and how, potentially resulting in CATPs being incentivised to perform their due diligence assessments more quickly, particularly in instances where a particular cryptoasset is being admitted to trade on multiple CATPs at the same time. It could also result in less information being included by those preparing the admissions documents, for fear that it sets a precedent which later proves unhelpful. This would result in universally worse outcomes for consumers.

Finally, this requirement assumes that the NSM is static. It is expected that, in a functioning market with multiple regulated CATPs, new cryptoassets will be being reviewed all the time, as well as material changes to cryptoassets already trading on the CATPs. It is therefore challenging, if not impossible, for a CATP to be confident that an admission document is consistent with (i.e., 'the same as') others for the relevant cryptoasset.

We would propose as an alternative a central repository with standardised disclosure templates, and a feedback mechanism. A collaborative, industry-led approach, focused on shared resources and continuous improvement, will ultimately better serve both consumers and the long-term health and integrity of the crypto asset market.

12. What do you estimate will be the costs and types of costs involved in producing admission documents under the proposed A&D regime? Are any of these costs already incurred as part of compliance with existing regulatory regimes in other jurisdictions?

GDF and CCI would note that CATPs would need to be able to scale and commercialise this process as much as possible to keep costs manageable. Costs that are likely to be incurred include:

- Operational staff compiling and reviewing the information;
- Compliance time and effort to ensure 2nd level controls; and
- Cost of access to third-party databases and external third-party support for designing processes or providing an independent view on them.

As for whether these costs may already be incurred with existing regulatory regimes in other jurisdictions, this will largely depend upon the CATPs global footprint. We would note as set out previously in our response as well as in the executive summary that compared to the EU's approach under MiCAR, the current proposals place an outsized compliance burden on CATPs. We would note that under MiCAR the onus is on the issuers, with the requirement they produce a whitepaper, (whilst still requiring the CASP to have an admissions procedure). We would note any cost over and above that incurred by MiCAR would add to the UK's lack of international attractiveness.

Overall, accurately estimating these costs is complex and will differ based on several factors including legal and technical expertise, audits and assessments, information gathering and preparation. It is crucial to recognise that the specific requirements of the UK's proposed A&D regime will likely necessitate additional efforts and expenditures, even for those already operating in other regulated markets.

Separately, we also believe the FCA could consider adopting a reciprocal regime where tokens that already have a MiCA whitepaper or are listed under comparable regimes would have reduced requirements for issuers (e.g., a short wrapper).

13. Do you agree with our suggestions for the types of information that should be protected forward-looking statements?

We would note that the 'fair, clear and not misleading principle' applies to PFLS. Forward looking statements should be identified as such, and the CATP procedures should provide for indication of language to use/avoid to not make unwarranted promises and disclose the source of projections. Forward-looking statements should not be required.

GDF and CCI would note some concerns that the proposal, as written, could permit issuers to make vague, speculative claims, with little recourse for consumers. Instead, we would support some evidenced claims about future project / token use cases, projects and innovations. We would also recommend further consideration and analysis of how this might apply to DeFi platforms.

14. Do you agree with the proposed approach to our rules on due diligence and disclosure of due diligence conducted? If not, please explain what changes you would suggest and why.

To require firms to conduct due diligence, analyse, and detect any and all suspicious activities on "the cryptoasset's underlying DLT", is in effect to mandate that they have supervision and risk management over the whole of the blockchain. GDF and CCI feel that this is neither proportionate, nor appropriate and risks driving firms out of the UK and threatening the FCA's competition objectives as well as the Government's aim to drive growth. Requiring firms to have in place continuous monitoring of all orders and transactions, regardless of whether they occur on or off a trading platform, is neither reasonable nor achievable (and would also be prohibitively expensive). This would be equivalent to requiring a traditional retail bank to have risk monitoring systems for all activities taking place on the internet upon which its banking applications run. Instead of this approach, we would encourage the FCA to focus on requirements which highlight how a firm is mitigating risk for their critical business services. This is a critical issue which we wish to raise with regards to the proposals and discuss it further throughout our response.

Additionally, we note the requirement for CATPs to conduct due diligence on the persons involved with the offer, such as the issuer, offeror/ person seeking admission, or members of the project team or foundation, and include an assessment of their background, experience, and involvement in current or prior cryptoasset projects. Without significant amendments, this could be considerably disproportionate. In many instances this will simply not be possible, particularly for decentralised projects. Where it is possible, it may include a large number of people. CATPs should only be required to conduct due diligence on persons capable of impacting the outcomes for markets and consumers, and the level of due diligence should be proportionate to the role and determined by the CATP.

Furthermore, we would also note that disclosure of the CATP's own internal due diligence findings is not supported and is not consistent with traditional finance principles. Instead, we believe it may be more effective to focus on the criteria for denial of admission. Additionally, reliance on a syndicate of CATPs' existing diligence results could be an additional option and is a consistent theme in traditional markets. For example, the larger left-lead banks acting as underwriters would typically conduct the majority, if not all, of the due diligence on an issuer and the rest of the syndicate would either be entitled to see the results of that diligence questioning or participate in some form of short bring-down depending on their role.

15. Are there further areas where due diligence or disclosure of findings should be required, or where there would be barriers to implementing our proposed requirements?

GDF and CCI would encourage any additional due diligence areas to be supplementary rather than mandatory.

16. Where third-party assessments of the cryptoasset's code have not already been conducted, should CATPs be required to conduct or commission a code audit or similar assessment as part of their due diligence process?

No, we believe these could be optional but not compulsory. GDF and CCI members would support some form of internal validation but not a full code audit as this would be extremely disproportionate and costly on CATPs.

We would instead support CATPs being under an obligation to disclose that no third-party assessment of the code has been undertaken - there may be a concern, in paragraph 2.50, that cautious providers interpret the lack of code audit as a "significant technological vulnerability" by default, and therefore reject anything without an audit. Instead, it should be made clearer

that the lack of an audit is not grounds for a rejection, but that disclosure documentation should clearly communicate that no audit has taken place and investors proceed at their own risk.

A required audit would also be out of line with international standards and could impose a disproportionate burden for UK businesses.

17. Do you agree there is a need to impose requirements regarding rejection of admission to trading? If so, should the rules be more prescriptive rather than outcomes-based?

No, requirements should not be imposed as ultimately if the liability rests with the CATP, then it ought to be up to the CATP whether they continue to support any token or not. Each CATP would have their own internal risk tolerances (just as in traditional markets as to whether an underwriter will seek to lend its reputation and balance sheet to support an issuer) - this should be industry-led and not regulated.

GDF and CCI instead support guidance being implemented regarding rejection of admission to trading rather than prescriptive requirements. We would then support CATPs working together to agree common standards across industry and industry led development of detailed criteria for rejection. We would support the industry adoption of listing policies and rules for CATPs [and making them public in summary form]. This would enable the regime to be more future proof, and also to rapidly evolve where necessary depending on the unique qualities of cryptoasset markets which may arise.

Overly prescriptive requirements, rather than outcomes-based guidance could have the unintended consequence of not capturing some risks which could lead to admission of risky cryptoassets. It will be critical to enable CATPs to be agile, and to adapt where necessary in order to reject cryptoassets as new risks arise. This is particularly important given the rapid evolution and development of cryptoasset markets. We believe that the most effective approach would be a combination of outcome-based rules and carefully selected prescriptive elements.

18. Do you agree that we should require CATPs to publicly disclose their standards for admitting and rejecting a cryptoasset to trading? If so, what details should be disclosed?

GDF and CCI believe that if industry detailed criteria is developed as proposed under Q17 then GDF is supportive of this being publicly disclosed in summary form. However, if a CATP has additional internal standards which are unique to their business model or risk tolerances we would not support these being publicly disclosed.

These disclosure requirements should also make sure to protect a CATPs from liability / claims from parties who may disagree with the rejection. For this reason, we support disclosure in summary form, which is aligned to rejection standards in traditional markets.

19. Do you agree with the suggested approach to our rules on filing admission documents on the NSM?

Yes, GDF and CCI are supportive of the suggested approach however as noted above, in the future, if the NSM were interoperable with CATPs' compliance and books and records systems, an enhanced supervisory and compliance process could be achieved via automation and seamless reconciliation of CATP's admission documents and those filed on the NSM.

However, as noted it is important for the filings to have the ability to be repurposed to ensure efficiency. We have concerns that the NSM is not fit for purpose as it is very "issuer" / traditional market led thus it may need to be adjusted or amended due to the nuances of crypto asset markets. As an alternative we would urge the FCA to consider how industry can plug into or create APIs to enable better automated search/comparison with crypto listing documentation.

20. Do you consider that the admission documents to be filed on the NSM should be in machine-readable format? If so, what format should be used to prepare the documents (for example, iXBRL or XML format)?

We strongly support the adoption of iXBRL (Inline XBRL). A key strength of iXBRL is its "inline" nature. This allows documents to be presented in a standard, easily human-readable format (like HTML) while embedding machine-readable data tags directly within the document. iXBRL is already widely adopted as the standard for financial reporting in numerous jurisdictions worldwide, including the United Kingdom. iXBRL benefits from a mature and well-developed ecosystem of tools and software designed to create and consume iXBRL documents. We would also note that the EU has gone with iXBRL so we would support a harmonised approach.

Overall, though, the regime should be flexible enough with respect to the machine-readable standard so that firms can choose a single standard to comply with multiple regulatory regimes - such as MiCA or others emerging in the US.

Chapter 3: Market abuse

21. Do you agree with the risks, potential harms, and target outcomes we have identified for the market abuse regime? Are there any additional risks or outcomes you believe we should consider?

GDF and CCI support the FCA's rationale for not directly applying the existing market abuse regime to cryptoasset markets. However, we believe that while the mechanisms for enforcement may differ, the overarching outcomes of a market abuse framework should align with those established for traditional financial instruments. For example, it is important to recognise that for CATPs the market structure is global (24/7/365) with significant retail participation. As such, any relevant rules and prohibitions may need to be communicated by regulators through different channels compared to professional markets.

At the same time, we caution against an approach that assumes by default that cryptoasset markets are inherently riskier and therefore warrants a stricter regulatory framework than MAR. It is essential to carefully assess both the unique technological aspects and current market practices, as these factors often serve to mitigate risk rather than amplify it. In many cases, this could reduce the need for extensive regulatory intervention while still achieving the intended outcomes efficiently.

If the regime mandates that firms include aspects of the functioning of the ledger itself, including aspects such as consensus mechanisms, this adds another layer of complexity which certain firms, depending on their technology stack may not have access to. To prevent market abuse effectively, appropriate systems and controls should be in place to monitor orders, transactions, and other activities, tailored to the nature and scale of the business.

Examples of areas where the market abuse regime could be tailored to the nuances of cryptoasset markets could include:

- Explicitly Prohibiting and Defining: Wash Trading, Spoofing, and Layering;
- Developing Specific Guidance on Insider Trading Tailored for Crypto Asset Projects; and
- Implementing Mechanisms for Monitoring and Addressing Manipulation through Social Media and Online Forums.

As noted across other aspects of this consultation, we also believe further consideration is needed for how MAR would apply in a DeFi context.

22. Are there any market behaviours that you would regard as 'abusive' at present, or any new abusive behaviours that may emerge, that may not be covered by the above prohibitions? Please provide examples where possible.

CCI and GDF agree with the key behaviour set out in the DP. However, as discussed in our key themes, we would note that it is also important to consider the high retail participation in the cryptoassets market which may require a more nuanced approach to market abuse. For example, communication channels from regulators on rules and prohibitions may need to be different from those for professional markets. Given the evolving nature of cryptoassets, the framework which the FCA develops regulation should also be outcomes focused. We note this in particular with regards to the point raised in 3.14 which states "We expect the government to base the definitions of these activities on the definitions used in the existing market abuse regime." CCI and GDF believe that more nuance and specificity with regards to the unique characteristics of cryptoassets, and their differing uses in retail and wholesale markets may be needed when defining these behaviours rather than relying on existing definitions or practices.

Furthermore, GDF and CCI members would also note that certain forms of market abuse which exist in MAR may not be appropriate for cryptoassets such as 'Marking the Open' and 'Marking the Close'. These are specific references to behaviours within TradFi markets that do not have a direct parallel in crypto-asset markets. While some crypto surveillance systems providers do use language like, "Trash and Cash" and "Pump and Dump", overall, GDF would not advocate for a one for one transfer of MAR terminology and definitions. Additionally, it is not clear if DEXs/DeFi is in scope of this DP consultation. We would welcome clarity from the FCA in this regard.

Overall, we would note the following behaviours as "abusive" at present:

- Front-running before the block is validated;
- Politically exposed persons ability to influence / to manipulate token offerings (together with the inherent conflicts of interests);
- Flash loans;
- Pump and dump;
- CeFi listing effect - new token listings front-running; and
- Outside of exchange activity - the FCA may wish to conduct a deeper dive on AI/Bot-driven market manipulation.

Overall, as noted in other areas of our response we would emphasise that there is a greater variety of assets with divergent underlying characteristics and that these hold different uses

within the retail and wholesale markets. We believe that greater care is required when defining these behaviours rather than relying upon existing definitions/practices.

23. Do you agree with our proposals to make the issuer responsible for disclosure of inside information unless there is no issuer, or the issuer is not involved in seeking admission to trading?

While GDF and CCI agrees with the proposal to make the issuer responsible where possible, as they are inherently best positioned to be the primary source of inside information, we would also note that as set out in MAR, the definition of inside information is largely incompatible with the cryptoasset market and may be relevant only to a limited group of cryptoassets – likely stablecoins only.

Additionally, further clarity may be needed in defining the specific criteria for determining when an "issuer" exists and the mechanisms for identifying and assigning disclosure responsibilities in these more decentralised contexts.

An alternate approach could be to focus on conflicts of interests and the listing process (from the CATP perspective) which would be more consistent with MAS's approach in Singapore.

24. In the circumstances where there is no issuer, or the issuer is not involved with the application for the admission to trading, do you agree with our proposal that the person seeking admission to trading of the cryptoasset should be responsible for the disclosure of inside information?

Overall, we believe this proposal is reasonable, however we would welcome clarification from the FCA that the obligation should be clearly limited to information in the knowledge of the relevant person seeking admission. As discussed throughout, CATPs have not yet been defined but even so, it is important to explicitly recognise that CATPs are not issuers. Information asymmetry still exists and as proposed there risks being a potential burden as well as practical challenges for CATPs in information gathering to a "reasonable level of certainty. Defining "No Issuer" and "Issuer Non-Involvement" is important as is the need for clear criteria, liability and enforcement considerations framed by proportionality and appropriateness. We would support the guidance having "reasonable" limitations for CATPs being under this strict disclosure obligation that is proportionate to their knowledge/awareness of any inside information.

Additionally, as set out throughout our response we would note that owning BTC or ETH does not equate to an ownership right in a company, where value can be derived by cash-flows and traditional finance orientated principles. In cases such as Bitcoin or other decentralised blockchains, where there is no issuer applying a securities orientated framework to cryptoassets may lead to operational gaps in application. Instead, as set out in our executive summary we would encourage the FCA to focus on outcomes in line with a risk-based approach that is adjusted to some of the unique nuances of crypto asset markets.

25. With regards to the second circumstance in question 24, do you agree that the person (say, 'Person A') seeking admission to trading of the cryptoasset should only be responsible for disclosure of inside information which relates to Person A and which Person A is aware of?

We strongly support the principle that "Person A" should only be held responsible for the disclosure of inside information that directly relates to "Person A" itself and "Person A" is aware of (or reasonably should be aware of).

GDF and CCI also believe it would be helpful for the FCA to outline a non-exhaustive list of examples of what would be considered to be within the CATPs sphere of influence.

26. Are the risks of information asymmetry for consumers resulting from this approach significant? Are there additional measures we need to take to further mitigate this risk?

GDF and CCI note that a key risk here is not information asymmetry, but rather that some non-issuers (as well as issuers in some circumstances) may be required to report information that they do not have access to. This is an unavoidable consequence of the absence of a traditional issuer, who would typically be the primary and most knowledgeable (or only) source of inside information. It is crucial to recognise and proactively mitigate this increased information asymmetry.

For this reason, it is important for the public sector to implement clear and detailed guidance on the definition of "Inside Information" in the context of cryptoasset markets. This guidance can:

- Actively Encourage and Facilitate Mechanisms for Information Sharing and Transparency within the Crypto Ecosystem (including tools/techniques that reflect the nature of the industry; and
- Encourage the Use of Tools to Significantly Enhance Market Monitoring and Surveillance Capabilities Focused on Information Asymmetry and Insider Trading.

27. What are some examples of information that should be considered inside information? Do you think we should provide a non-exhaustive list of examples in guidance?

GDF and CCI are supportive of the FCA providing a non-exhaustive list of guidance, however we would also note as stated under Q23 that the existing definition of inside information is largely incompatible with the cryptoasset market and may be relevant only to a limited group of cryptoassets – likely stablecoins only. Thus, it would be beneficial to discuss what additional categories the FCA plan to include in their list of guidance, as well as what is within a firm's capability to provide based on their business model.

Examples of information that should definitively be considered inside information and included in the FCA's guidance are:
1. Major Partnerships or Strategic Collaborations with Significant Entities;
2. Significant Technological Developments and Protocol Upgrades (Especially Unexpected or Material Ones);
3. Material Regulatory Developments, Decisions, or Official Announcements;
4. Discovery of Significant Security Breaches, Vulnerabilities, or Systemic Risks;
5. Material Changes in Tokenomics, Supply Mechanisms, or Governance Models; and
6. Material Financial Information Regarding the Project or Associated Entities.

Noting that the above would still need some guardrails (e.g., information which is precise, non-public, relating directly or indirectly to one or more issuers or financial instruments.)

28. Are there types of information, beyond those already proposed to be made available

through the A&D regime and the MARC inside information disclosure regime, that would be useful for the cryptoasset market to have access to? Please specify the nature of the information, the frequency that such information should be disclosed (if applicable), and the importance to the consumer base.

As stated throughout the response to prevent market abuse effectively, appropriate systems and controls should be in place to monitor orders, transactions, and other activities, and **tailored to the nature and scale of the business. We would also note that in crypto markets, much of the critical information may / often is already in the public domain and therefore would not meet the definition of inside information.**

While the A&D regime and MARC effectively address core disclosure requirements at the point of admission and for material inside information, periodic, ongoing disclosures can provide valuable complementary insights into a crypto asset's progress, health, and trajectory. This could include:
1. Regular Development Updates and Roadmap Progress;
2. Community and Ecosystem Growth Metrics;
3. Network Activity and Usage Data;
4. Regular Governance and Treasury Updates for Decentralised Projects; and
5. Disclosure of Security Audits and Bug Bounty Program Status.

29. Do you favour any of the options set out above? If so, which one? What are the factors that led you to this decision?

GDF and CCI members favour a hybrid approach that strategically combines existing Primary Information Providers (PIPs) with the essential addition of active dissemination through designated crypto-specific channels. This integrated strategy provides the most effective and balanced solution for ensuring the timely and widespread distribution of inside information within the distinct context of the crypto-asset market. This is important as the user profile and way community engages is very different to network and communication styles that exist in traditional financial markets.

In the future, as the market continues to evolve, we would also support a dedicated central crypto repository as an alternative as this may be easier and faster for consumers to find disseminated information.

30. Are there alternative options we should be considering? What might be the pros and cons of those alternative options?
To the extent it is involved, the FCA could also consider the use of AI agents / reg-tech to scrape disseminated inside information from a variety of different sources and make it publicly available automatically (noting though that if it is publicly available this isn't technical inside information).

An alternate, and more practical approach could be for the FCA to partner with a private disclosure platform (e.g., Bloomberg for securities) where issuers and CATPs must publish their disclosures (leading to better search functionality, advanced analysis and real-time updates). This will allow for a more flexible approach which can adapt better to market needs.

31. Should a centralised coordinating body coordinate the effort to help with identifying, developing and testing method(s) of disseminating inside information? If not, please provide alternative suggestions.

As noted above, GDF and CCI members believe that a purely centralised approach may prove less practical and adaptable in the long term within the dynamic and rapidly evolving crypto asset market. Instead, we would propose a collaborative, market-driven approach supported by the open-source development of tools and standards for information dissemination

32. Can you provide any estimated figures for costs involved with the set-up and the ongoing operational costs of any of the options?

GDF and CCI would note that precise costs may be difficult to formulate until further details are made available (in particular, the frequency of reporting) but we envisage increased costs associated to staff, technology and infrastructure.

33. Do you agree with these principles? Are there changes you would suggest? Are there others we should consider?

Yes, GDF and CCI are supportive of these principles but believe they could be further tailored in line with the key themes mentioned throughout our response to be more crypto specific.

34. Should we apply the safe harbours from MAR concerning delays in disclosing inside information (MAR Article 17(4)), and possession of inside information and legitimate behaviours (MAR Article 9) to the cryptoasset market?

Yes, GDF and CCI are supportive of applying the safe harbours from MAR especially concerning delays in disclosing inside information (MAR Article 17(4)) and possession of inside information and legitimate behaviours (MAR Article 9) to the crypto asset market.

However, we would suggest that the focus should be to be on “accepted market practices” rather than “legitimate behaviours”.

35. An approach similar to the accepted market practices (AMPs) provisions in MAR Article 13 could provide flexibility to address certain crypto behaviours in the future if appropriate. AMPs, nonetheless, remain an empty set under UK MAR. Do you have any views on whether AMPs would be useful in the crypto space?

GDF and CCI believe adopting an approach similar to the Accepted Market Practices (AMPs) provisions in MAR Article 13 could be genuinely beneficial and highly relevant to the crypto asset space. While AMPs are currently an "empty set" under UK MAR, we contend that the unique characteristics of the crypto market—particularly its dynamic and innovative nature—make a flexible framework like AMPs particularly valuable for fostering responsible development while maintaining market integrity. We would encourage an on-going FCA/industry dialogue in respect of AMPs.

We would raise the following as issues that the FCA should consider:
Legitimate market making and liquidity provision - proper regulatory clarity will be crucial in order to ensure liquid, well-functioning markets.

- Token buy-backs / changes to circulating token supply to be covered under safe harbours.
- Maximum Extractable Value (MEV) - validators and miners often reorder transactions to extract value, which can be an unavoidable by-product of blockchain design.

36. What, if any, amendments to the MAR formulation of these safe harbours should we make to them to ensure they align with the principles set out above and ensure they are tailored to the cryptoasset market? Is there any additional clarity you would need us to provide over how they would apply in order to be able to rely on them?

Considering this sector's diverse project types and market structures, we propose that the FCA guidance include examples of "legitimate interests" specific to crypto. The application of the Article 9 safe harbour for "legitimate behaviours" needs to be clarified to specifically address the nuances of decentralised governance models prevalent in many crypto asset projects.

We also would support a few further clarifications to enhance reliance on safe harbours including:

- Detailed Process and Criteria for Recognising Accepted Market Practices (AMPs) in Crypto; and
- Clarification on the Interaction Between Safe Harbours and Other Relevant Regulations (e.g., GDPR, AML/KYC).

37. Are there other activities that we should be considering for safe harbours? Please explain your rationale including how these safe harbours would meet the principles set out.

Safe harbours for stabilisation and the legitimate activities of market makers are essential to ensure that regulatory frameworks support fair and orderly markets without inadvertently restricting necessary market functions. Stabilisation mechanisms are used in traditional financial markets to help manage price volatility following and enhance market confidence, particularly in the context of abnormal market conditions. Market makers play a vital role in providing liquidity and ensuring efficient price discovery and market functioning.

We would also support safe harbours for code forks and protocol upgrades. Without safe harbours, legitimate and beneficial code forks and protocol upgrades could be inadvertently misinterpreted or challenged under market abuse regulations.

Additionally, safe harbours will be important for airdrops and legitimate token distributions as without a safe harbour, there is a risk that regulators could misinterpret these activities as manipulative if they are perceived as artificially inflating token prices or creating misleading impressions of demand.

Without clear regulatory carve-outs, there is a risk that routine and beneficial trading activities could be misinterpreted as market manipulation, and their cessation would have a significant negative impact on cryptoasset markets. Establishing well-defined safe harbours, as seen in traditional financial markets and following the precedents established in MAR would provide certainty for market participants and support the healthy functioning of cryptoasset markets.

38. Do you agree with the approach to putting the onus on CATPs and intermediaries to both monitor and disrupt market abuse? If not, why not and what alternative do you think would better achieve the outcomes we are seeking?

The systems and controls and surveillance requirements applicable to CATPs should be risk and outcomes-based but should be flexible enough to allow CATPs to decide the appropriate measures to put in place, depending on its market segment and the risks of the assets it has admitted to trading. Given the increased responsibilities being placed on CATPs for monitoring and prevent market abuse, safeguards also need to be put in place to protect trading firms from unfair or inappropriate treatment by CATPs. The systems and controls and surveillance requirements applicable to non-CATP intermediaries should be confined to their own trading activities.

We would also note that these outcomes would also be better achieved by taking a risk-based approach to different types of tokens while also enabling CATPs to segment and implement market abuse regulation that is more tailored to the unique nuances in different parts of the crypto market. This would achieve multiple improved outcomes for the industry but notably:

- Would enable better consumer protection, risk adjusted according to the products they had access to;
- Would support CATPs in being able to pinpoint market risk and disrupt it within the subcategories which are likely to have very different risk profiles and market abuse risks (e.g., differences between stablecoins and meme coins); and
- Would be a more proportionate approach, only assigning firms responsibility for the areas of market abuse where they can reasonably be expected to disrupt rather than assigning liability to all types and sizes of firms to monitor the whole of the market.

However, we would also note that the FCA also needs to provide:
1. Clear, Detailed, and Regularly Updated Guidance and Standards;
2. Robust Information Sharing and Collaboration – Industry-Wide and with the FCA
3. Robust FCA Oversight and Proactive Enforcement Powers; and
4. Consideration of a Centralised Reporting Mechanism for Significant Market Abuse Incidents

39. Do you agree with the areas of systems and controls where we will set outcomes-based requirements for CATPs and intermediaries? If not, which do you not agree with and why? Are there any areas where we should be considering additional systems and controls either for these firms or other market participants in order to achieve the outcomes we are seeking for this regime?

Yes, we generally agree with the systems and controls that the FCA has listed where it intends to set out outcomes-based requirements for CATPs and intermediaries. However, as we have set out in our other responses, the FCA should calibrate its intended outcomes against what is practically possible for CATPs and intermediaries to achieve, including:

- Calibrating the requirement for CATPs to 'prevent' market abuse by acknowledging the challenges for CATPs in obtaining information from non-UK CATPs, particularly on an ex-ante basis;
- Calibrating the requirements for intermediaries to reject suspicious client orders to reflect the often-limited scope and nature of the relationship that an intermediary has with a client which may not include ready access to information on the client's other transactions or activity (e.g., when providing on-ramp services);

- Requirements for Robust Cybersecurity and Data Protection Measures;
- Explicit Emphasis on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Compliance within the Market Abuse Framework; and
- Precise Requirements for Implementing Secure and Confidential Whistle-blower Mechanisms.

40. Do you agree with the outcomes-based approach which allows firms to determine the best way to deliver the outcomes based on the nature, size and scale of their business?

GDF and CCI support the outcomes-based approach to regulating systems and controls for CATPs and intermediaries. We believe this flexible and proportionate approach is essential for effectively addressing the unique challenges of the crypto asset market while fostering innovation and growth, including:

- Adaptability: The crypto asset market is characterised by constant innovation, evolving trading practices, and the emergence of new and unforeseen forms of market abuse. An outcomes-based approach provides the necessary flexibility for firms to adapt their systems and controls to these changing market conditions. It avoids the limitations of a prescriptive approach, which can quickly become outdated in this fast-paced environment.
- Encouraging Innovation: By focusing on achieving specific outcomes rather than mandating specific technologies or processes, the FCA's approach encourages innovation in RegTech solutions. This allows firms to leverage the latest technologies and develop tailored solutions that are most effective for their specific business models and risk profiles. It fosters a competitive market for compliance solutions, driving further innovation and improvement.
- Proportionality and Efficiency: The crypto asset market includes a diverse range of firms, from small start-ups to large multinational corporations. An outcomes-based approach recognises this diversity and allows firms to implement systems and controls that are proportionate to their size, scale, and complexity. This avoids imposing unnecessary burdens on smaller firms while ensuring that larger firms with greater resources implement more sophisticated controls commensurate with their potential impact on the market. This proportionality promotes efficiency and avoids stifling competition.
- Focus on Effectiveness: Ultimately, the goal of regulation is to prevent market abuse and ensure market integrity. An outcomes-based approach focuses on achieving these objectives directly, allowing firms to choose the most effective methods for meeting the required outcomes. This focus on results is more likely to lead to a robust and resilient market than a prescriptive approach that may not be tailored to the specific risks of the crypto asset market.

41. Do you agree that firms involved with cryptoasset trading and market sensitive information should be subject to requirements to have appropriate training regarding the handling and control of inside information and have appropriate information barriers in place within their firms?

GDF and CCI strongly agree that firms involved with crypto asset trading and handling market-sensitive information should be required to have appropriate training programs regarding the handling and control of inside information, and that relevant measures to mitigate conflicts of interest (e.g., information barriers) must be in place for relevant staff tailored to specific roles

and responsibilities within the firm. These measures are essential for preventing insider trading, maintaining market integrity, and fostering investor confidence in the crypto asset market.

42. Do you agree on the proposals regarding insider lists for issuers and persons seeking cryptoasset admissions to trading?

GDF and CCI broadly support the proposal for mandatory insider lists for issuers and persons seeking crypto asset admissions to trading where relevant/applicable. We believe that requiring and maintaining accurate insider lists is a critical component of a robust market abuse prevention framework and will significantly contribute to market integrity and investor protection. The FCA should provide clear and comprehensive guidelines on the content, format, and maintenance of insider lists. These guidelines should specify the types of information to be included (e.g., names, roles, contact details, reasons for inclusion, dates of access), the frequency of updates, and the retention period for the lists. Standardised templates or reporting formats would be beneficial, noting that there is a practicality element that it is important to consider. It is neither practical, nor achievable for CATPs to be monitoring all of Telegram and Crypto X (Twitter) to assess for hypothetical insiders. The burden of liability and responsibility should be within the boundaries of what the CATP can reasonably assess, report and control.

43. Do you feel that establishing a PDMR regime for issuers/ persons seeking admission of cryptoassets would significantly advance the outcomes we are seeking at a proportionate cost?

We support establishing a PDMR (Persons Discharging Managerial Responsibilities) regime for issuers. Careful consideration should be given to proportionality and implementation.

An effective PDMR regime has the potential to provide:

- Increased Transparency and Reduced Information Asymmetry: Mandatory disclosure of PDMR transactions provides valuable insights into insider activity, promoting transparency and reducing information asymmetry. This allows market participants to make more informed investment decisions.
- Deterrent Effect on Insider Trading: The knowledge that their transactions will be publicly disclosed can deter PDMRs from engaging in insider trading. This fosters a fairer market and reduces the potential for manipulation.
- Enhanced Market Confidence and Trust: A PDMR regime can improve investor confidence by demonstrating a commitment to market integrity and reducing the perception of insider manipulation. This contributes to a more stable and attractive market.
- Alignment with Traditional Finance Best Practices: Adopting a PDMR regime for crypto assets aligns with established practices in traditional finance, promoting consistency and potentially facilitating regulatory harmonisation across different asset classes.

It is crucial to ensure that the costs and burdens imposed on issuers and persons seeking admission are proportionate to the risks and benefits. This is particularly important for smaller projects, early-stage ventures, or those with limited resources. A "one-size-fits-all" approach could disproportionately impact smaller players and stifle innovation. We recommend that the FCA develops the following:

- Clear Definitions and Comprehensive Guidance: Given the diverse organisational structures within the crypto space, the FCA should provide clear and comprehensive definitions of PDMRs in the context of crypto assets. Detailed guidance on disclosure requirements, thresholds, reporting procedures, and the types of transactions to be reported is essential. Examples and FAQs would be helpful.
- Simplified Reporting for Smaller Projects: Consider implementing simplified reporting requirements for smaller projects or those with limited trading activity. This could include higher thresholds for reporting obligations or less frequent reporting schedules. A tiered approach based on market capitalisation, trading volume, or other relevant metrics could be considered.
- Leveraging Technology for Efficiency: Encourage the use of technology to streamline reporting processes and reduce costs. Automated reporting systems, integration with existing platforms, and standardised data formats can significantly reduce the administrative burden on issuers and applicants.
- Phased Implementation and Market Maturity: A phased implementation approach could be considered, starting with larger projects or those with higher market capitalisation, and gradually expanding the regime as the market matures and resources allow. This would allow smaller projects to adapt and develop the necessary systems and procedures over time.

44. Do you agree with the approach set out with regards to requiring on-chain monitoring from CATPs and intermediaries?

GDF and CCI agree with the FCA's proposal for CATPs and intermediaries to undertake on-chain monitoring proportionate to their business activity. Intermediaries should only be responsible for their own trading activities.

We agree that it would be disproportionate to require CATPs and intermediaries to always scan all on-chain activity relating to a particular cryptoasset. On-chain monitoring provides CATPs and intermediaries with an important tool for effective market abuse surveillance in the crypto asset market, offering unique and critical insights that are not available through traditional off-chain surveillance methods, including:

- Unparalleled Transparency: On-chain data provides a transparent and immutable record of all transactions on the blockchain. This level of transparency allows for a more comprehensive and granular analysis of trading patterns, order book activity, and other market behaviours, enabling the detection of suspicious activities that might otherwise go unnoticed.
- Minimum Best Practice for Direct Detection of On-Chain Manipulation: Many manipulative practices, such as wash trading, pump-and-dump schemes, and other forms of market manipulation, are executed directly on the blockchain. A minimum for best practice in on-chain monitoring is therefore crucial for directly identifying and addressing these activities. It provides the most direct evidence of manipulative behaviour.
- Linking On-Chain and Off-Chain Activity: Combining on-chain data with traditional off-chain surveillance data allows for a more holistic and comprehensive understanding of market activity. This linkage is crucial for connecting on-chain transactions to real-world entities, identifying the individuals or groups behind manipulative activities, and building stronger cases for enforcement actions.
- Proactive Risk Mitigation and Prevention: On-chain monitoring enables proactive identification of potential market abuse risks. By analysing real-time transaction data

and identifying suspicious patterns, CATPs and intermediaries can intervene early to prevent market manipulation and protect investors.

The FCA's proposed approach should incorporate the following features:

- Outcomes-Based - allowing firms to tailor their monitoring strategies to their specific business models, the types of crypto assets they handle, and their individual risk profiles. This flexibility is essential in the dynamic and evolving crypto market.
- Proportionality and Scalability - permitting firms to develop on-chain monitoring capabilities proportionate to the size and scale of business activity ensures that smaller firms are not unduly burdened while still maintaining effective surveillance across the market. Scalability is essential for the long-term health of the market.
- Adaptability to Technological Advancements - an outcomes-based approach allows for adaptation to the rapidly evolving nature of blockchain technology and the emergence of new on-chain surveillance tools and techniques. This ensures that the regulatory framework remains effective and up to date as the technology advances.

As part of best practice in industry the FCA could also consider the following as optional requirements for CATPs:

- Standardised Data Formats and APIs - to facilitate efficient and effective on-chain monitoring, we recommend the development of standardised data formats and APIs for accessing and analysing blockchain data. This would improve interoperability and reduce the costs and complexity of on-chain monitoring.
- Guidance on Data Analytics and Pattern Recognition - providing guidance on effective data analytics techniques and pattern recognition methodologies for identifying suspicious on-chain activity would be beneficial. This would help firms develop more sophisticated and effective monitoring systems.

45. Are there any aspects of systems and controls that we haven't mentioned which would help us deliver on our desired outcomes?

Additional aspects that could support delivery of the desired outcomes include:

- Cross-Market Surveillance and Inter-CATP Collaboration;
- Implementation of Real-Time Alert Systems for Suspicious Trading Activity, Exploration and Adoption of Artificial Intelligence (AI) and Machine Learning (ML) for Enhanced Surveillance;
- Collaboration with Specialised Blockchain Analytics Firms and RegTech Providers (which will collectively establish a significantly strengthened and more future-proof market abuse surveillance framework for the crypto asset market.)

46. Do you agree with our thinking, approach, and assessment of the potential cross-platform information sharing mechanisms discussed? Which of the options do you think is best? If none are suitable, why and what other alternatives would you suggest?

CCI supports the development of a cross-platform information sharing mechanism. A single, multilateral cross-platform information-sharing system offers the most comprehensive and effective solution for addressing the challenges of cross-market surveillance, including providing the following benefits:

- Comprehensive Coverage and Reach: A single, multilateral system ensures that all participating CATPs have access to relevant information about suspected market abuse,

regardless of pre-existing bilateral agreements. This broad reach is crucial for identifying and disrupting manipulative activities that may span multiple platforms.

- Increased Efficiency and Streamlined Operations: A centralised system streamlines the information-sharing process, reducing the need for numerous bilateral agreements and the potential for incompatible data formats or communication protocols. This simplifies operations and reduces administrative overhead for CATPs.
- Enhanced Deterrent Effect: Wider dissemination of information about suspected market abuse increases the likelihood of detection and disruption, creating a stronger deterrent effect for malicious actors who may seek to exploit market fragmentation.
- Network Effects and Scalability: A single system benefits from network effects, becoming more valuable as more CATPs participate and contribute information. This scalability is crucial for accommodating the growth and evolution of the crypto asset market.
- Improved Data Quality and Standardisation: A centralised system can facilitate the standardisation of data formats and reporting protocols, improving the quality and consistency of the information shared. This makes it easier to analyse data and identify patterns of market abuse.

The development of a cross-market surveillance system should take account of the following aspects of implementation:

- Data Privacy and Security: Robust data privacy and security measures are essential to protect sensitive information shared within the system. Clear guidelines on data access, usage, and retention will be necessary. Compliance with data protection regulations, such as GDPR, must be ensured.
- Governance and Management: A clear governance structure and management framework are crucial for the successful operation of the system. This should include representation from participating CATPs, regulators, and other relevant stakeholders. Decision-making processes and dispute resolution mechanisms should be well-defined.
- Cost and Resource Requirements: Developing and maintaining a centralised system will require significant investment in technology, infrastructure, and personnel. A cost-sharing model among participating CATPs should be considered.
- Interoperability with Existing Systems: The new system should be interoperable with existing surveillance systems used by CATPs to minimise disruption and ensure a smooth transition.

47. Should a centralised coordinating body coordinate the effort to help with developing and driving forward an industry-led solution to cross-platform information sharing? If not, please provide alternative suggestions to facilitate the creation of industry-led solutions.

CCI and GDF support the FCA's proposal for an industry-led centralised coordinating body to develop a cross-platform information-sharing system. Such an approach appears ultimately to be more sustainable, adaptable and effective in the long run, given the rapid innovation of the crypto asset market and its diverse range of participants. We would recommend the following aspects of the architecture for the development of a cross-platform information sharing platform:

- Industry working groups or consortia: We propose the creation of industry-led working groups or consortia with representatives from CATPs, technology providers, legal experts, and other relevant stakeholders. These groups should be responsible for designing, implementing, and governing the information-sharing system to allow for

diverse perspectives and ensure that the system reflects the needs and concerns of market participants. These groups can also establish best practices and data standards.

- Open-Source Development and Community Involvement: Encourage open-source development of the system's infrastructure and protocols. This fosters transparency, promotes community involvement, and enhances interoperability. Open-source development allows for peer review, continuous improvement, and wider adoption of the system.
- Pilot Programs and Iterative Development: Support pilot programs to test different approaches and technologies before full-scale implementation. This allows for iterative development and refinement of the system based on real-world experience and feedback. Pilot programs can also help identify and address any technical or operational challenges early on. Such an approach would avoid sunrise issues of the technology not yet existing to account for the requirements of regulation.
- Regulatory Guidance and Support: While a centralised coordinating body may not be necessary, regulatory guidance and support from the FCA are still crucial. The FCA can play a role in setting high-level principles, providing clarity on legal and regulatory requirements, and facilitating communication between industry participants. The FCA can also help ensure that data privacy and security concerns are adequately addressed.
- Incentivising Participation: Consider mechanisms to incentivise participation in the information-sharing system. This could include recognising good practices, providing access to aggregated market data, or offering regulatory benefits for participating firms.
- Focus on Data Standardisation: A key element of a successful information-sharing system is data standardisation. Industry working groups should prioritise the development of standardised data formats, reporting protocols, and APIs to ensure interoperability and facilitate efficient data exchange.

We support an industry-led centralised coordinating body to develop and drive forward an industry-led solution to cross-platform information sharing which the FCA can play an important role in facilitating including:

- Convening initial meetings and workshops: The FCA can bring together key stakeholders to initiate discussions and form industry working groups.
- Providing guidance on legal and regulatory requirements: The FCA can offer clarity on data privacy, competition law, and other legal considerations relevant to information sharing.
- Monitoring progress and providing feedback: The FCA can monitor the progress of industry-led initiatives and provide feedback to ensure that the developed solutions are effective and aligned with regulatory objectives.
- Endorsing industry best practices: The FCA can endorse industry best practices developed by working groups to promote wider adoption and consistency across the market.

48. We would like to gauge what further support would be useful in helping introduce cross-platform information sharing. What kind of specific regulatory input or involvement would be beneficial for the industry?

We recommend the following regulatory input and involvement to support the introduction of cross-platform information sharing:

- Standardisation of Data Formats and Protocols: A key challenge to effective cross-platform information sharing is the lack of standardisation in data formats and

communication protocols. The FCA can play a vital role in developing and promoting standardised data formats, reporting protocols, and APIs for information sharing. This will ensure interoperability between different platforms and facilitate efficient data exchange. This standardisation effort should involve collaboration with industry participants and technical experts.

- Clear Legal and Regulatory Guidance: Uncertainty regarding legal and regulatory obligations can hinder the development and adoption of information-sharing mechanisms. The FCA should provide clear and comprehensive guidance on legal and regulatory considerations related to data privacy, confidentiality, competition law compliance, and other relevant areas. This will provide clarity to the industry and encourage participation in information-sharing initiatives. Specific guidance on permissible uses of shared data and compliance with data protection regulations (e.g., GDPR) is crucial.
- Safeguards, Oversight, and Accountability: Establishing robust safeguards to prevent misuse of shared information is paramount. The FCA should provide guidance on appropriate data governance frameworks, access controls, and audit trails. Oversight mechanisms are needed to monitor the effectiveness and compliance of the information-sharing system and ensure that decisions about user access are made responsibly and transparently. Clear accountability frameworks are necessary to address any potential misuse of information.
- Incentivising Participation and Adoption: Encouraging widespread participation in the information-sharing system is crucial for its success. The FCA could consider offering incentives for early adoption and active participation, such as regulatory recognition, streamlined reporting processes, or access to aggregated market data. Publicly acknowledging and supporting industry-led initiatives can also be a powerful incentive.
- Facilitating International Cooperation: Market abuse in the crypto asset space often transcends national borders. The FCA should actively collaborate with international regulators to promote cross-border information sharing and address the challenges of market abuse in a globalised market. Harmonising regulatory approaches and establishing mechanisms for cross-border data exchange are crucial for effective global market surveillance.
- Guidance on Data Analytics and Technology Solutions: The FCA could provide guidance on available data analytics tools and technology solutions that can assist CATPs in effectively analysing shared information and identifying suspicious activity. This could include information on best practices for on-chain and off-chain monitoring, as well as the use of AI and machine learning for market surveillance.
- Education and Training: The FCA could support the development of educational and training programs for industry participants on best practices for information sharing, data privacy, and compliance with relevant regulations. This will help ensure that all participating entities have the necessary knowledge and expertise to contribute effectively to the system.

49. Is there any further information or feedback you would like to provide to us?

We would encourage the FCA to:

1. Prioritise clarity, conciseness, and accessibility in drafting the final rules and accompanying guidance;
2. To develop FCA dedicated online resources, comprehensive Frequently Asked Questions (FAQs), and user-friendly educational materials;
3. To actively retain flexibility within the regulatory framework;

4. To engage in continued constructive engagement on these regimes across the FCA and with all relevant industry stakeholders (e.g., roundtables, regulatory sprints, sandboxes);
5. To actively encourage the development and adoption of innovative Regulatory Technology (RegTech) solutions; and
6. To invest in comprehensive consumer education initiatives.