

**COMMENT FROM GLOBAL DIGITAL FINANCE ON THE FCA'S RULING BANNING THE SALE OF  
CRYPTOASSET FOCUSED DERIVATIVES AND ETNS TO RETAIL INVESTORS**

Earlier today (06/10/20), the Financial Conduct Authority (FCA) announced a ban on the sale of derivatives and exchange traded notes (ETNs) linked to cryptoassets to retail customers.

Below is a response to this from Global Digital Finance (GDF), an industry membership body that promotes the adoption of best practices for cryptoassets and digital finance technologies through the development of conduct standards in a shared engagement forum with market participants, policymakers and regulators.

**Lawrence Wintermeyer, Executive co-chair of Global Digital Finance, says:** "I am surprised by today's announcement from the FCA. The regulator says part of its decision was influenced by a lack of consumer understanding around these products, but I am not convinced they are really any different to other similar alternative asset products that have not been banned for sale to the UK's many sophisticated retail investors. Also, the industry has appropriateness and suitability tests to assess whether they are right for individual retail investors interested in using them.

"I also disagree with the regulator's view that there is no legitimate investment purpose for cryptoasset derivatives. In the same way that you may hedge against a position in fiat currency, one may wish to hedge against exposure to cryptoassets.

"This ban kills off what could have been a new investment opportunity for sophisticated retail investors. It also sends a negative signal regarding the UK's stance on cryptoassets."

**Lavan Thasarathakumar, head of regulatory at Global Digital Finance, says:** "The FCA's move is quite a drastic one, and I wonder whether alternative options such as implementing leverage limits were sufficiently explored. It seems as though cryptoassets have been unfairly singled out here when compared to other alternative investment aimed at retail investors."

**-Ends-**

**For further information**

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