

FCA Temporary Registration Scheme for Cryptoasset Businesses

GDF welcomes the announcement of the temporary registration measures put in place by the FCA. This measure mitigates the risk of a cliff edge where 92 firms who had already submitted their applications would have had to cease operations in the UK as of 10 January 2021, and instead gives the FCA an additional 6 months to process the registrations.

This is a responsible move from the FCA, which in effect granted registration to almost 100 firms, ensuring that crypto activity continues seamlessly into the new year. However, it is clear that there are more deep-seated issues here: the FCA has to date only registered 4 firms from the 181 applications, indicating that there are unforeseen problems with the original schedule and leads to questions over whether a 6-month extension leaves adequate time to process the applications on hand.

The FCA has only recently taken over the responsibility as the UK's AML/CTF regulator from HMRC, which would no doubt have caused some transitional issues. What is required for registration is very different from what is required for authorisation, and it is understandable that this transition requires the FCA to accommodate these new changes.

This is good news for the sector, and we await to hear of FCA progress with applications in 2021.