The British Blockchain Association

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Advocating Evidence Based Blockchain

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Financial Conduct Authority
Cryptoasset Policy Team
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For submission by email to: cp26-36@fca.org.uk

Response to FCA Consultation CP26/36: Cryptoasset Perimeter Guidance

(Consent to publication: The British Blockchain Association (BBA) consents to publication of our response and our organisation's name. We are responding as an organisation and do not request confidential treatment of any part of this submission.)

Introduction and Summary of Position

The British Blockchain Association (BBA) is one of the UK's longest-established blockchain industry bodies, founded in 2017. We advance the evidence-based adoption of blockchain and distributed ledger technologies (DLT), serve as Secretariat to the All-Party Parliamentary Group on Blockchain Technologies, and co-authored the UK's National Blockchain Roadmap (Vision 2030). Our institutions include the Centre for Evidence-Based Blockchain (CEBB), the Journal of the British Blockchain Association (JBBA) and the Blockchain Associations Forum (BAF).

In this response, "we", "us" and "our" refer to the British Blockchain Association (BBA).

We support guidance that makes the cryptoasset perimeter intelligible to firms and protects consumers without treating every software contributor as a financial intermediary. CP26/36 contains useful recognition that decentralisation is relevant to the facts, that software is not itself a person, and that specific exclusions can prevent unnecessary duplication. Our support is qualified: the guidance must follow the legislation, explain its limiting principles and allow firms to identify the permissions they actually need. [1]

Our principal concerns are the asset scope of the temporary-settlement exclusion, the use of non-statutory indicators to distinguish stablecoins from electronic money, and the breadth of the technical-services analysis. We propose corrections and practical clarifications below. The resulting certainty could support UK payment services, tokenisation, software development and specialist assurance, provided that custody, redemption and transaction risks remain properly addressed.

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Scope of this response. We address all 14 questions in Annex 1. References to the amended Regulated Activities Order (RAO) and Financial Promotion Order (FPO) concern the provisions contemplated by CP26/36, read with the draft Miscellaneous Amendments Regulations laid on 15 September 2026 and the 2026 Cryptoassets Regulations. We do not treat the draft amendments as rules already in force. Recommendations for changes to primary or secondary legislation are identified separately from requests to clarify FCA guidance. [1–4]

Question 1: Do you agree with the FCA's interpretation of the legislative provisions proposed in the draft perimeter guidance in section 18.1? If not, please explain why.

Response

1.1 We agree with the central interpretation in proposed PERG 18.1. A financial service does not cease to be carried on by a person because software performs some of its functions. Equally, the existence of developers, token holders or governance participants does not establish that each carries on a regulated activity. The draft recognises both propositions, particularly in PERG 18.1.17–18.1.20. Those qualifications should remain prominent. [1]

1.2 The remaining difficulty is attribution over time. References to a person who designed a system or previously selected its parameters could be read as attributing all subsequent transactions to that person indefinitely. We ask the FCA to distinguish continuing operation through software from the historical publication of software that others independently deploy. Relevant evidence may include retained powers, contractual responsibilities, ongoing services and the ability to direct transactions. No single item should replace proof that the person carries on the particular statutory activity.

1.3 The Law Commission's scoping work describes diverse decentralised autonomous organisations (DAOs), not a universal legal category. Lustenberger, Küng and Spychiger examine governance through a Swiss university grant-allocation case informed by DAOs. Their findings support examining actual decision-making arrangements; they do not establish that every DAO is an unincorporated association or every voter an operator. [5, 6]

1.4 We recommend an explicit statement that token ownership, an isolated governance vote, receipt of ordinary token returns or a contribution to publicly available code does not, without analysis of the person's actual role, establish a regulated activity. Where an unincorporated association is said to exist, the legal basis for that conclusion should be explained separately from whether any member personally carries on a regulated activity. This would preserve enforcement against identifiable operators while reducing uncertainty for independent contributors.

Question 2: Do you agree with the FCA's interpretation of the legislative provisions proposed in the draft perimeter guidance in section 18.2? If not, please explain why.

Response

2.1 Proposed PERG 18.2.3 is right to assess "by way of business" separately for each person. The commercial character of a protocol as a whole cannot substitute for the assessment of a particular participant's activities. Conversely, dividing a commercial operation among several persons does not itself prevent the test being met. [1]

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2.2 The guidance should distinguish the existence of a business from the carrying on of a particular regulated activity by way of that business. A software company may receive fees for technical services without those services constituting regulated intermediation. A person may also act commercially through token-based remuneration or indirect economic benefits rather than a conventional fee. Neither the presence nor absence of a fee resolves the statutory analysis.

2.3 Sumanov and Desmarais classify tokens by their sources of value and how that value is realised, expressly separating economic from legal classification. Their framework supports examining governance, access and remuneration rights individually, rather than treating token ownership as evidence of a uniform commercial role. [7]

2.4 Alongside PERG, the FCA should publish contrasting examples of unpaid development, paid maintenance without transaction involvement, delegated governance services and commercial operation of a transaction interface. Each example should identify the facts relevant to the business test and then assess the regulated activity and any exclusion separately. The examples should illustrate principles rather than create a numerical threshold for fees, votes or contributions.

Question 3: Do you agree with the FCA's interpretation of the legislative provisions proposed in the draft perimeter guidance in section 18.3? If not, please explain why.

Response

3.1 The presence of overseas infrastructure or participants does not, by itself, take an activity outside the UK perimeter. Proposed PERG 18.3.1A appropriately directs the reader to the relevant statutory provisions, including section 418 of the Financial Services and Markets Act 2000 (FSMA). [1]

3.2 We are concerned, however, by the suggestion that UK persons involved in governance, maintenance or development may be sufficient to establish a territorial link. That statement needs an express connection to the regulated activity of the person under assessment. The presence of an independent UK contributor should not, without more, attribute every activity of a global protocol to that contributor or locate every other participant's activity in the UK.

3.3 We suggest adding: "The territorial connection must be assessed in relation to the relevant person and the particular regulated activity. A connection with the technology or wider arrangement does not, without the necessary statutory connection, determine where that person carries on that activity." This would clarify the existing test, rather than establish an exemption for overseas firms.

3.4 Supporting guidance should distinguish where decisions and services occur from the location of validators, repositories and users, and identify the applicable territorial deeming provisions. Auer and colleagues distinguish settlement, application and interface layers in DeFi. The location of one layer is not a legal answer for the others. [8]

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Question 4: Do you agree with the FCA's interpretation of the legislative provisions proposed in the draft perimeter guidance in section 18.6.6? If not, please explain why.

Response

4.1 An exclusion for genuinely temporary safeguarding ancillary to settlement is justified. Proposed PERG 18.6.6 nevertheless requires correction before finalisation. There is a material textual discrepancy. The replacement article 9Q(1), in regulation 4(5)(b)(iii) of the draft amendments, refers to a qualifying cryptoasset. The proposed guidance retains "or a relevant specified investment cryptoasset". The existing article 9Q in the 2026 Regulations contains that wider wording, but the replacement provision does not. [1–3]

4.2 The FCA should identify the statutory basis on which the replacement exclusion extends to relevant specified investment cryptoassets or amend the guidance to match its actual scope. If the legislative narrowing is unintended, it requires attention from HM Treasury. Guidance should not silently restore words omitted from the replacement provision. This matters for firms settling tokenised securities, which must know which safeguarding regime and exclusions apply.

4.3 The draft's expectation that temporary safeguarding is unlikely to require more than 24 hours is not a statutory time limit. We ask the FCA to say expressly that a period below 24 hours does not automatically qualify and a longer period does not automatically fail. The decisive questions are the settlement purpose, the ancillary nature of the activity and whether the period is genuinely necessary. Network disruption, a failed settlement leg or a lawful restriction may require a fact-specific explanation rather than an automatic change of status.

4.4 The distinction from standing custody should be illustrated through a transaction-specific transfer, prefunding held for unidentified future trades, a failed transaction awaiting return and repeated rolling settlement balances. Evidence should identify when control arose, the transaction being settled, the reason for delay and the destination on completion or failure. The exclusion should not be presented as covering general collateral custody throughout the life of a loan, merely because the initial transfer was a settlement step.

Question 5: Do you agree with the FCA's interpretation of the legislative provisions proposed in the draft perimeter guidance in sections 18.5.7 and 18.6.14? If not, please explain why.

Response

5.1 An appropriately authorised issuer should not need duplicate safeguarding permissions for backing assets within the specified exclusions. We support proposed PERG 18.5.7 and 18.6.14 on that basis. Articles 43A and 9QB are, however, conditional exclusions tied to the relevant UK qualifying stablecoin, the issuer's permission and the purpose for which assets are held. They should not be described as a general exemption for all reserve-related activity. [1, 2]

5.2 The guidance should state expressly that an external custodian cannot rely solely on its customer being an authorised stablecoin issuer. Its own activities and available exclusions require separate analysis. It should also distinguish backing assets from the stablecoins issued to holders and from assets held for unrelated purposes. For mixed portfolios, the FCA should explain how firms can substantiate which arrangements concern the relevant backing assets.

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5.3 We support the express statement that the exclusions do not disapply applicable backing-asset safeguarding rules. Crisanto, Ehrentraud and Garcia Ocampo's comparative study identifies differences in reserve management, segregation, custody and redemption claims. These findings support clear disclosure of those arrangements; authorisation alone does not guarantee redemption. [9]

5.4 PERG 18.5.7 and 18.6.14 already cross-refer to CASS 16. We ask for fuller explanation of how the issuer's regulatory responsibility relates to holders' contractual and proprietary rights, particularly on insolvency. The guidance should distinguish compliance with backing-asset safeguarding rules from ownership of the assets and any directly enforceable claim against a third-party custodian. This would help firms explain what protection a holder actually has, rather than relying on the description "backing assets". [1]

Question 6: Do you agree with the FCA's interpretation of the legislative provisions proposed in the draft perimeter guidance in section 18.6.13? If not, please explain why.

Response

6.1 The limited scope of article 9QA and proposed PERG 18.6.13 is appropriate. The exclusion concerns temporary holdings of UK qualifying stablecoins connected with execution of a payment transaction. It is not an exclusion for general cryptoasset wallets, and it does not determine whether other activities require permission. [1, 2]

6.2 The expectation of an onward-transfer order is a useful way to evidence the connection with a payment. It should be expressed as evidence of the statutory condition rather than an additional condition that every payment must use one particular message format. The statutory definition includes acts initiated by a payer or payee, or on behalf of the payer, and includes placing, transferring and withdrawing funds. The guidance should accommodate those possibilities while excluding indefinite balances held for unspecified future use.

6.3 The FCA should explain the treatment of merchant settlement batches, failed payments, refunds and delays required for lawful checks. It should distinguish a genuine standing instruction for identified payments from an open-ended authority to retain assets. The 24-hour expectation discussed for article 9Q should not be imported into article 9QA without explanation: the statutory purposes and factual contexts differ. Where balances are deployed in lending or yield arrangements, the additional activity requires separate analysis.

Question 7: Do you agree with the FCA's interpretation of the legislative provisions proposed in the draft perimeter guidance in section 18.6.16? If not, please explain why.

Response

7.1 Article 9R(4) merits separate guidance in proposed PERG 18.6.16. The exclusion concerns arrangements operated by a recognised central securities depositary (CSD) or third-country CSD and requires the operator's undertaking to the person on whose behalf the relevant specified investment cryptoasset is safeguarded. It does not extend the exclusion to ordinary qualifying cryptoassets merely because a CSD participates in the arrangements. [1, 2]

7.2 The undertaking is central. The guidance should identify its beneficiary, the responsibility assumed and the required standard: responsibility no less onerous than if the CSD itself

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safeguarded the asset. A generic assurance to another intermediary should not be treated as equivalent without examining the actual undertaking to the relevant person.

7.3 The FCA's expectation that the undertaking would usually concern a group bare nominee company may be a practical observation, but it is not an express limitation in article 9R(4). The guidance should label it accordingly. Arrangements meeting the statutory conditions should not be excluded simply because they use another organisational structure; arrangements within a group should not qualify automatically.

7.4 Firms need a clear account of the asset, each participant's function and the legal basis for custody and recourse. This would help tokenised securities use established market infrastructure without treating tokenisation as proof that existing protections either disappear or automatically apply to every participant.

Question 8: Do you agree with the FCA's interpretation of the legislative provisions proposed in the draft amendments to the perimeter guidance in Chapter 8? If not, please explain why.

Response

8.1 Our broad support for the proposed PERG 8 amendments is subject to a clearer distinction between the authorisation perimeter and the financial promotion restriction. Proposed article 73ZAA provides specified exemptions for communications within the dealing, arranging and advising controlled activities. It does not create a general exemption for every communication concerning a stablecoin or an otherwise excluded service. [1, 2]

8.2 The new controlled activity of issuing a qualifying stablecoin should be explained alongside the limits of article 73ZAA. Communications promoting issuance, payments, exchange and yield arrangements should not be treated as interchangeable. The scope of the communication, the controlled activity and investment, and the relevant exemption must each be identified. A communication encompassing more than one activity requires analysis of each relevant part.

8.3 We welcome the distinction between the UK qualifying stablecoin limb and the separate limb for qualifying stablecoin collateral and repurchase arrangements. The latter is not available where the transferor is a consumer or falls within a category specified by FCA rules. The guidance should reproduce these limits consistently across PERG 8 and PERG 18, with cross-references to the applicable rules. [1, 2]

8.4 We suggest a concise companion guide comparing common payment, exchange, issuance and collateral communications. It should explain that an exclusion from a regulated activity does not itself answer the section 21 question. This is particularly important for technical interfaces, for which the technical-services exclusion has not been replicated in the financial promotions regime. [4]

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Question 9: Do you agree with the FCA's interpretation of the legislative provisions proposed in the draft perimeter guidance in section 18.4.5A? If not, please explain why.

Response

9.1 Proposed PERG 18.4.5A correctly identifies a UK qualifying stablecoin by the statutory conditions concerning its issuance and the issuer's permission. Sterling denomination, branding or an assertion that a product is "UK compliant" cannot establish its status. An authorised issuer can issue products within and outside the relevant activity; its status alone does not determine the status of every coin it issues. [1, 2]

9.2 Intermediaries will need reliable, product-specific information to apply the new exclusions. We recommend a readily accessible record identifying the authorised issuer, relevant permission and the coins issued within its scope. Where technically appropriate, this should include the network and contract identifier, issuance arrangements and an effective date. This would be an administrative aid, not a substitute for the statutory definition or a guarantee of the asset's value.

9.3 Guidance should address migrations, wrapped representations and bridging arrangements without assuming that each representation has the same issuer, redemption obligation or legal status as the original coin. It should also explain how firms should respond to a variation or withdrawal of the issuer's permission. These are questions about the continuing availability of exclusions, not requests for the FCA to approve particular chains or technologies.

Question 10: Do you agree with the FCA's interpretation of the legislative provisions proposed in the draft perimeter guidance in section 18.4.5B? If not, please explain why.

Response

10.1 A product cannot simultaneously be electronic money and a qualifying stablecoin under the relevant exclusions. The difficulty lies in applying that distinction: the indicative list in proposed PERG 18.4.5B does not, in our view, make the boundary sufficiently predictable on its own. The analysis should begin with the statutory definitions, including article 88F, article 88G and regulation 3ZA of the Electronic Money Regulations as introduced by the 2026 Regulations. [1, 3]

10.2 The use of distributed ledger technology, minting before issuance and admission to trading may be relevant facts, but none is a substitute for those definitions. Marketing language and an intermediary's treatment of a product are particularly vulnerable to circular reasoning. A provider cannot select the applicable regime by adopting a label. The draft acknowledges that an electronic money product may display one or more listed characteristics; the final guidance should explain how to resolve the case when the indicators point in different directions.

10.3 We recommend a reasoned decision sequence addressing the legal rights represented, transferability, whether the token is solely a record of value or contractual rights, the purpose and nature of backing arrangements, and the applicable exclusions. It should explain how regulation 3ZA interacts with the electronic money definition without assuming the answer from

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the product's name. Tokenised electronic money, qualifying stablecoins and tokenised deposits should be considered distinctly rather than treated as one category.

10.4 Sumanov and Desmarais explain why superficially similar tokens can perform different economic functions. [7] Worked examples should therefore state the legal characteristics and reasons for the conclusion, including a case in which DLT-based value remains electronic money. Clear classification would reduce the risk of firms choosing a permission route on the strength of marketing terminology.

Question 11: Do you agree with the FCA's interpretation of the legislative provisions proposed in the draft perimeter guidance in section 18.5.1? If not, please explain why.

Response

11.1 PERG 18.5.1 should reflect the amended article 9M and distinguish creating or minting a coin from the statutory activity of issuance. The activity involves the required combination of offering, creation or creation on behalf of the relevant person or group, redemption and backing arrangements, subject to the statutory attribution provisions. The location requirements must be applied to the relevant elements. [1–3]

11.2 Moving the UK-establishment requirement for the offering activity into article 9M(4)(aa) should not obscure its effect. The final guidance should show how that requirement operates alongside the provision covering an earlier offer and the UK requirements for redemption and backing activities. It should also explain the deemed activities where a person assumes an undertaking to redeem under article 9M(4)(b), rather than implying that a prior mint or a change of issuer is necessarily outside scope.

11.3 A short allocation-of-functions example would be useful where one group entity commissions creation, another performs technical minting, a distributor offers the coin and another person provides redemption or reserve services. The conclusion should follow the statutory attribution rules. Merely identifying the entity whose name appears on a website or which signs a minting transaction is insufficient.

Question 12: Do you agree with the FCA's interpretation of the legislative provisions proposed in the draft perimeter guidance in sections 18.8.5A and 18.8.5B? If not, please explain why.

Response

12.1 The distinction drawn between the two limbs of article 9Z10A is important and should be retained. Paragraphs (1)–(3) concern specified transfers and exchanges involving UK qualifying stablecoins, with exceptions including exchanges for qualifying cryptoassets that are not UK qualifying stablecoins and transfers subject to a right of return. Paragraphs (4)–(7) separately address qualifying stablecoin title-transfer collateral and repurchase arrangements, subject to the limits concerning the transferor. The second limb is not confined to UK qualifying stablecoins. [1, 2]

12.2 The final guidance should distinguish ordinary merchant payments from a lending arrangement, and genuine title-transfer collateral from a security interest under which title remains with the provider. It should also explain how the right-of-return exception applies to a

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lending obligation as compared with ordinary contractual refunds following cancellation or non-performance. Otherwise, routine payment refund rights could become a source of uncertainty. We ask for an interpretation grounded in the provision's wording and purpose, not a new exception created by guidance.

12.3 Two drafting points should be corrected. PERG 18.8.5B(2) refers to a qualifying cryptoasset being a specified investment cryptoasset, although these categories need to be distinguished under article 88F and the revised definition. The opening question and paragraph (2) should instead refer to collateral in the form of cryptoassets generally, before applying the relevant category. Paragraph (4)'s reference to conditions in "(1) or (2) above" should point to the arrangements in (3)(a) and (3)(b). [1, 2]

12.4 We support the draft's separate assessment of the underlying transaction and the collateral arrangement. It should make equally clear that exclusion from articles 9T, 9W and 9Y is not, by itself, an exclusion from safeguarding or every other potentially applicable activity. The statutory "consumer" definition should be applied rather than substituted with a different client categorisation used elsewhere in financial regulation.

Question 13: Do you agree with the FCA's interpretation of the legislative provisions proposed in the draft perimeter guidance in section 18.8.18A? If not, please explain why.

Response

13.1 Article 9UA provides two distinct routes, which the guidance must keep separate: principal dealing otherwise than to provide a service to another person, and activity as a market maker on a qualifying cryptoasset trading platform (QCATP). The guidance should identify article 9UA expressly at the outset. The service-to-another analysis in the first limb must not be imported as an additional condition into the market-making limb. [1, 2]

13.2 For the first limb, the draft's reference to a retail counterparty needs qualification. A transaction with an unknown counterparty on a trading platform does not necessarily become a service provided to that counterparty merely because the counterparty happens to be a retail investor. The relevant enquiry is the purpose and nature of the trader's activity. Charging a fee, offering execution services or maintaining a customer-facing dealing facility may be relevant evidence, but should not become substitute statutory tests.

13.3 For the second limb, the FCA should reconcile its description of generally continuous prices with its acceptance of request-for-quote market making. It should distinguish market making on a QCATP from bilateral dealing outside that platform, and explain how it approaches automated liquidity provision without treating every depositor in a liquidity pool as a market maker or every automated market maker as a QCATP. These conclusions require the relevant platform and activity tests.

13.4 We note the statement that a QCATP may be operated by an authorised or unauthorised person. The statutory term should not be rewritten to mean only an authorised platform, but the guidance should explain that the trader's exclusion neither authorises the operator nor disapplies other obligations. Daian and colleagues' research documents front-running and transaction-ordering risks in decentralised exchanges. Those risks justify separate attention to

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market conduct; they do not justify extending the authorisation perimeter beyond article 9UA. [10]

Question 14: Do you agree with the FCA's interpretation of the legislative provisions proposed in the draft perimeter guidance in sections 18.8.25 to 18.8.35? If not, please explain why not.

Response

14.1 The technical-services exclusion has our support, as does much of the structure of PERG 18.8.25–18.8.35. Our reservations concern parts of the proposed interpretation, which need to be addressed before it is finalised. Article 9Z2A is an exclusion from article 9Y arranging. Its conditions concern the provider's status, the technical character of the service, the provision of access, and either the relevant authorised or exempt service provider or a decentralised protocol. It is not a general exclusion from all cryptoasset regulation. [1, 2]

14.2 Article 9Z2A does not use the terms "discretion" or "substantive intermediation". Paragraphs 5.9 and 6.10 of the Explanatory Memorandum discuss discretion and substantive involvement; PERG 18.8.30–18.8.31 develop those concepts. We welcome PERG 18.8.31's statement that substantive participation and intermediation are not additional statutory conditions. That qualification should precede the indicators. Any adverse conclusion should explain how the provider's actual function exceeds technical access under the statutory language. [1, 4]

14.3 The distinction between an objective processing rule and a qualitative judgement needs sharper explanation. PERG 18.8.30 identifies predetermined objective rules as potentially non-discretionary, while also identifying choices involving price, speed and cost as potentially discretionary. All interfaces embody design choices. The relevant distinction should turn on who determines the transaction choices, what responsibility the provider assumes and how the service functions, rather than on the mere presence of an algorithm or a default setting.

14.4 Companion examples should contrast relaying a signed instruction, applying user-selected parameters, selecting routes under the provider's own execution policy, and directing business to affiliated liquidity. Each should identify the decisive facts: deterministic execution does not necessarily make intermediation technical. Auer and colleagues' separation of interfaces from applications offers a useful way to identify the functions performed at each stage. [8]

14.5 PERG 18.8.31 recognises that limiting access for technical security or legal compliance reasons need not amount to substantive intermediation. We ask it to illustrate rejection of a malformed transaction, malware screening and compliance with an applicable sanctions restriction, alongside contrasting examples of commercial selection. The purpose and effect of the control matter. Providers should not be encouraged to remove protective features merely to strengthen an argument that their software is neutral.

14.6 The two access routes must remain distinct. PERG 18.8.32 correctly explains that article 9Z2A(2)(b) does not require a decentralised protocol itself to be an authorised person or to provide a regulated service. Maintenance, remuneration and public promotion may inform the facts, but do not establish a separate test that only abandoned or unmaintained software can

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be decentralised. The final guidance should explain how distributed governance and genuinely constrained maintenance arrangements are assessed, while preserving scrutiny of an identifiable operator using decentralisation as a label.

14.7 We recognise that the exclusion is unavailable to an authorised person or payment service provider. That restriction is legislative, and the FCA cannot remove it through PERG. Its application should nevertheless be precise: registration under the Money Laundering Regulations 2017 (MLRs) is not the same as FSMA authorisation. If the resulting difference between otherwise comparable technical services creates disproportionate costs or encourages artificial fragmentation of businesses, the FCA should provide evidence to HM Treasury for legislative review.

14.8 Failure to satisfy article 9Z2A does not itself establish that arranging is taking place. The final guidance should require completion of the ordinary activity, business and territorial analysis and consideration of other applicable exclusions. Equally, satisfying article 9Z2A does not settle financial promotions or status under the MLRs. Proposed PERG 18.8.35 should say that MLR obligations continue where their own scope conditions are met, rather than imply that every technical provider necessarily falls within them. [1, 4]

14.9 We propose the following clarification: “The indicators in this guidance assist assessment of whether the person merely provides technical access. They are not additional statutory conditions. The presence or absence of an indicator does not replace consideration of the functions performed and all conditions in article 9Z2A. If the exclusion is unavailable, it remains necessary to establish that the person carries on a regulated activity for which authorisation or exemption is required.”

Implementation and benefits for the UK

15.1 The final guidance must be available in time for firms to use it. Paragraph 1.14 of the consultation PDF says spring 2027; the consultation webpage states January 2027. The stated application window closes on 28 February 2027. The FCA should resolve this discrepancy, confirm a publication date and leave firms a workable period to assess their permissions and complete applications. [1, 12]

15.2 We welcome the webpage’s targeted forbearance where uncertainty over the technical-services exclusion has materially affected completion of the arranging-permission element of an otherwise complete application submitted during the application period. The FCA should publish how firms demonstrate eligibility, which information may follow and by when. This should not be described as a general extension of the application window or a suspension of substantive legal obligations. [12]

15.3 Annex 2, paragraph 3, gives two reasons for not undertaking a cost benefit analysis (CBA): the FCA expects only familiarisation costs of minimal significance, and the proposals concern perimeter guidance rather than guidance on FCA rules. We acknowledge both. The FCA’s CBA policy provides for a high-level assessment of certain general guidance about rules; that policy test does not automatically apply here. [1, 11] We nevertheless ask the FCA to test its familiarisation-only assumption against evidence of classification advice, software

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changes, applications and monitoring, distinguishing costs caused by legislation from those affected by its interpretation.

15.4 Clear exclusions could reduce duplicate permission work, support UK stablecoin payments and make it easier to develop access tools and tokenised securities infrastructure here. These are plausible benefits, not measured forecasts. Reserve, redemption and transaction-ordering risks remain material, as the cited studies illustrate. The UK's advantage should come from predictable legal boundaries and reliable services, rather than from assuming that automation removes risk. [8–10]

15.5 The FCA should assess the guidance through a small, published set of measures: applications requiring permission corrections, time spent resolving recurring classification questions, evidence of mistaken reliance on exclusions and reported consumer harm at those boundaries. A periodic review with firms, developers, researchers and consumer representatives would identify recurring problems without requiring a new reporting system for every technical contributor. This would give practical effect to the objectives in paragraphs 1.8–1.11. [1]

Closing position

The priorities are to reconcile the temporary-settlement wording, clarify the stablecoin and electronic money boundary, and make the technical-services exclusion workable. PERG should give firms usable reasons for its conclusions. Any unintended gap in the legislation should be referred to HM Treasury.

We would be glad to discuss any part of this response.

Yours faithfully,

Research Department
The Centre for Evidence Based Blockchain (CEBB)
The British Blockchain Association

References

[1] Financial Conduct Authority, CP26/36: Cryptoasset Perimeter Guidance, October 2026. Chapters 1–6; Annexes 1–3; Appendix 1. Technical-services guidance: PERG 18.8.30–18.8.35, Appendix 1, pp. 27–31 (PDF pp. 51–55). Source

[2] Draft Financial Services and Markets Act 2000 (Cryptoassets) (Miscellaneous Amendments) Regulations 2026, laid 15 September 2026. Regulations 2–4, including proposed RAO articles 9Q, 9QA, 9QB, 9R(4), 9UA, 9Z2A, 9Z10A and 43A, and FPO article 73ZAA. Source

[3] Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026, SI 2026/102. Regulation 40 (RAO amendments), including articles 9M, 9N, 9Q, 88F and 88G; regulation 46 (Electronic Money Regulations amendments). Source

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[4] HM Treasury, Explanatory Memorandum to the draft Financial Services and Markets Act 2000 (Cryptoassets) (Miscellaneous Amendments) Regulations 2026. Paragraph 4.7 (continuing obligations); paragraphs 5.9 and 6.10 (technical services); paragraph 5.10 (financial promotions); paragraphs 6.6–6.16 (exclusions and related amendments). Source

[5] M. Lustenberger, L. Küng and F. Spychiger, "Designing Community Governance – Learnings from DAOs", The Journal of The British Blockchain Association, vol. 8, no. 1, 2025. DOI: 10.31585/jbba-8-1-(4)2025. Source

[6] Law Commission of England and Wales, Decentralised Autonomous Organisations (DAOs): scoping paper and project findings, 11 July 2024. Source

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[8] R. Auer, B. Haslhofer, S. Kitzler, P. Saggese and F. Victor, The Technology of Decentralized Finance (DeFi), BIS Working Papers No. 1066, January 2023. Source

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[10] P. Daian, S. Goldfeder, T. Kell, Y. Li, X. Zhao, I. Bentov, L. Breidenbach and A. Juels, Flash Boys 2.0: Frontrunning, Transaction Reordering, and Consensus Instability in Decentralized Exchanges, arXiv:1904.05234, 2019. Research preprint. Source

[11] Financial Conduct Authority, Statement of Policy on Cost Benefit Analyses, July 2024, paragraphs 3.7–3.9. Source

[12] Financial Conduct Authority, CP26/36 consultation webpage, "Why we are consulting" and "Next steps", accessed 2 November 2026. Publication timing and targeted application forbearance. Source