

## Cryptocurrencies

### UK lifts ban on some crypto-linked securities for retail investors

FCA will allow exchange-traded notes that track coins in push to boost digital assets industry



The softening of the UK regulator's approach comes as global competition to court the crypto industry is increasing © Antons Jevterevs/Alamy

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The UK financial regulator is planning to lift a ban on some retail investment products linked to cryptocurrencies, in a thawing of its hardline stance on digital assets as the British government pushes to make the country a global hub for the industry.

The [Financial Conduct Authority](#) on Friday proposed easing rules that have been in place since January 2021 and which prevent consumers from buying exchange-traded notes that track crypto coins such as bitcoin and ethereum. ETNs are debt securities that track an underlying asset but are traded on a stock exchange.

The softening of the FCA's approach comes amid growing global competition to court the [crypto](#) industry, following the return of Donald Trump to the White House.

The US president has promised a more industry-friendly approach that would make America "the crypto capital of the world". That has boosted the prices of cryptocurrencies, with bitcoin surging nearly 50 per cent to more than \$100,000 since Trump's election victory, although gains have been moderated by his aggressive tariff policy.

In April, UK chancellor Rachel Reeves [set out plans](#) to regulate cryptoassets more formally and forge closer co-operation with the US on digital securities.

David Geale, executive director of payments and digital assets at the FCA, said its move was a "commitment to supporting the growth and competitiveness of the UK's crypto industry.

"We want to rebalance our approach to risk and lifting the ban would allow people to make the choice on whether such a high-risk investment is right for them given they could lose all their money," he added.

The proposal is out for consultation until July. If approved, it would move the UK closer to standards in the EU and US.

Critics have long argued that the regulator's protective stance on cryptocurrencies — aimed at shielding consumers from volatility and fraud — has been overly restrictive.

Bivu Das, UK general manager at cryptocurrency exchange Kraken, said the move acknowledges "that the market has matured significantly and that outdated restrictions no longer serve their intended purpose".

However, the FCA's ban on retail investors trading crypto derivatives, which came into effect at the same time as the exchange-traded notes ban, remains in place. The regulator said on Friday it would "monitor" the issue.

The ban on crypto exchange traded funds — which in the US have attracted billions of dollars of inflows — remains in place.

Companies offering crypto-linked securities will be subject to financial promotion rules, said the FCA, “so consumers get information on the risks and would not be offered inappropriate incentives to invest, in the same way as if they bought cryptoassets directly”.

But investors in crypto ETNs would not be covered by the government compensation scheme set up to protect consumers if the financial firm offering them goes out of business.

The UK’s planned regulatory framework for cryptoassets will cover stablecoins, a form of digital cash intended to keep its value to a sovereign currency such as the dollar or sterling, as well as exchanges and brokers and market practices such as lending. The Treasury has also proposed that the FCA should also gain new enforcement powers.

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