

# REGULATING CRYPTOASSETS: ADMISSIONS & DISCLOSURES AND MARKET ABUSE REGIME FOR CRYPTOASSETS (DP24/4)



## BACKGROUND:

- The FCA has recently issued its latest [discussion paper on regulating cryptoassets](#) (DP24/4) on the future **market abuse regime for cryptoassets (MARC)** and cryptoasset **admissions and disclosure regime (A&D)**.
- This paper is the first to follow the release of the FCA's [crypto roadmap](#) setting out the direction of travel for the future regulatory regime for cryptoassets, which aims to bring certain cryptoasset-related activities within the regulatory perimeter.
- Currently, the FCA's regulatory remit over cryptoassets extends only to financial promotions and anti-money laundering regimes.
- Importantly, the paper highlights that HM Treasury is expected to **prohibit public offers of cryptoassets unless an exemption applies**, such as when made via admission to trading on a cryptoasset trading platform (**CATP**) or when only available to qualified investors, such as institutional investors.

- **A&D:** The paper outlines the FCA's proposed requirements for disclosures by issuers or offerors at the point of admission to trading on a CATP. Broadly, the A&D regime will include:
  - Responsibility of the person who initiates the application for admission to trading for the production and publication of admission documents;
  - The CATP to undertake due diligence on the issuer, any persons associated with the offer, and the content of the admission document.
  - The CATP is to make a summary of the due diligence public and make its decision based on the risk of consumer detriment.
- **MARC:** The FCA has proposed policy ideas for a principles-based market abuse regime for the cryptoasset market, which it says should include:
  - Similar offences and prohibitions as for traditional financial instruments;
  - Bringing the activity of operating a CATP within the scope of the Regulated Activities Order;
  - A prohibition on insider dealing in relation to cryptoassets traded on a regulated CATP;
  - Requiring the disclosure of inside information relating to cryptoassets traded on a regulated CATP;
  - Safe harbours and exceptions for legitimate behaviour, which should only be considered if supporting market function or stability, minimising harm to consumers and be specific and time-limited.

# KEY INSIGHTS

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In this discussion paper, “cryptoassets” refers to spot cryptoassets, such as stablecoins and unbacked cryptoassets (e.g. Bitcoin and Ether). This sets **the scope of cryptoassets under consideration** of the FCA’s proposed regulatory remit very widely.

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The **proposed prohibition of public offers of cryptoassets** is an important development of the incoming crypto regime. The scope of cryptoassets in scope has been set widely and this may have the effect of inhibiting the development of stablecoin technology. Stablecoins are very different assets in terms of use and risk to unbacked cryptoassets, such as Bitcoin.

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It remains to be seen whether the effect of these proposals will help to support the government’s ambitions set out in the **National Payments Vision**. While the Vision recognised technological developments on the horizon offering huge potential for innovation and growth, stringent regulation may discourage both. Alternatively, increased regulatory certainty and priorities for consumer protection in the form of A&D and MARC could support growth by increasing consumer confidence in the crypto sector.

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## Next steps:

**Comments on this discussion paper are due by 14 March 2025.** The FCA are seeking feedback from a wide range of stakeholders, domestic and international, that participate in the cryptoassets sector. Following consideration of the comments, the FCA intends to draft new Handbook rules for consultation scheduled to be released in Q3 2025.

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