

● UK Crypto Regulation & FCA Update – Detailed Summary 25

Feb 2025

The Financial Conduct Authority (FCA) recently published a report on cryptocurrency ownership and regulation in the UK. This update highlights key findings, regulatory challenges, government perspectives, and industry reactions.

1. Increasing Crypto Ownership in the UK

The FCA's latest report (26th November) suggests growing interest in cryptocurrency among UK citizens:

- **12% of UK adults now own crypto**, an increase from 10% previously.
- **93% of people are aware of crypto**, up from 91% in the previous report.
- **The average crypto holding rose from £595 to £1,842.**

◆ *"Despite regulatory challenges, UK crypto ownership continues to grow, reflecting increasing public interest and investment."*

However, the report also revealed some misconceptions:

- **90% of crypto investors conduct research before buying**, but...
 - **A third mistakenly believe they can seek financial protection from the FCA if something goes wrong.**
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2. FCA's Strict Stance on Crypto Regulation

The FCA has been criticised for its restrictive and slow approach to crypto regulation:

- It takes **an average of 459 days to approve crypto firms**, forcing many to withdraw applications.
- The **FCA recently warned firms about collaborating with unregistered crypto companies**, cautioning against illegal promotions.
- **Financial crime concerns** remain a top priority, with measures in place to counter money laundering and terrorist financing.
- The FCA continues to enforce the UK's **financial promotions regime**, restricting crypto marketing to ensure consumer protection.

◆ *"The FCA acknowledges the need for clear regulation but insists that consumer protection remains its priority."*

3. UK's Government & Policy Landscape on Crypto

While the UK has increased capital gains tax on crypto, making it less attractive for investors, there are signs of

potential change:

- Chancellor **Rachel Reeves** urged the **FCA** to encourage innovation in blockchain, AI, and crypto.
- Investment Minister **Poppy Gustafson** highlighted crypto's role in the UK's tech landscape, stating that the government is committed to fostering innovation.
- The UK holds **\$6 billion worth of Bitcoin (61,245 BTC)**, making it the **third-largest government holder after the US and China**.
- **Ripple** launched the first tokenized money market fund on the XRP Ledger through a UK partnership.

◆ *"The UK's crypto sector has enormous potential, and the government is taking steps to ensure we remain at the forefront of global innovation." - Poppy Gustafson*

Despite these developments, critics argue that the **UK lacks a clear momentum shift towards crypto innovation**, unlike the US under its pro-crypto administration.

4. Industry Concerns & Criticism of the FCA

Several industry leaders have raised concerns about the FCA's handling of crypto regulation:

- A **parliamentary report (26th November)** called the FCA **'not fit for purpose'**, citing slow action and lack of transparency.
- **Steven Bartlett (Dragon's Den)** questioned whether the UK's government and policymakers have the **right attitude to capitalise on crypto**.
- **George McDon**, CEO of KR1, criticised the London Stock Exchange's ban on crypto investment firms, **calling for rule changes to unlock capital**.

◆ *"The UK is missing a generational opportunity in crypto due to its restrictive policies." - Steven Bartlett*

Additionally, the UK's first pension scheme to invest in Bitcoin faced backlash, with critics calling it "deeply irresponsible" and "gambling with retirees' futures."

5. Future of Crypto Regulation in the UK

Looking ahead, the UK government is expected to release **draft crypto regulations in early 2025**, aiming for final legislation by 2026.

- The FCA has engaged with over **100 crypto-related organisations in 2024**, including the Treasury and the Bank of England.
- A roadmap for a **'safe, competitive, and sustainable crypto sector'** is in place, but many remain sceptical of actual progress.
- The **FCA recently blocked the meme coin generator 'Pump.fun'**, showing its continued effort to limit high-risk crypto activities.

◆ *"We are committed to getting the future rules right and ensuring the UK remains competitive in crypto*

innovation.” – FCA Director Matthew Long

However, many industry leaders believe that **without significant regulatory reform, the UK will continue to fall behind other global crypto hubs.**

Conclusion: Is the UK Falling Behind in Crypto?

While crypto ownership in the UK is rising, **regulatory uncertainty and restrictive policies continue to frustrate investors and businesses.** The government is showing signs of interest in fostering innovation, but many argue that more decisive action is needed to compete with pro-crypto nations.

Extract from Video: [How Many People Own Crypto In The UK? Huge FCA Crypto News Update!](#)