
Consultation Response

FCA Discussion Paper 24/4 – Regulating Cryptoassets: Admissions & Disclosures and Market Abuse Regime for Cryptoassets

March 2025

The Association for Financial Markets in Europe (AFME) welcomes the opportunity to comment on the FCA's discussion paper (DP24/4). AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU, UK and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society.

AFME is the European member of the Global Financial Markets Association (GFMA), a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US and the Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia.

We summarise below our high-level response to the consultation, which is followed by answers to a select number of questions.

Executive Summary

AFME is highly supportive of the FCA's Discussion Paper on Admissions and Disclosures and Market Abuse Regime for Cryptoassets. Our response to the Discussion Paper focuses on following key aspects of the proposed regime to help position the UK as a global leader in transparent, efficient, and fair cryptoasset markets:

- **Promoting global consistency in admissions and disclosures:** We are supportive of the FCA's efforts to align the UK's disclosure framework with international standards; a globally consistent approach will reduce fragmentation and is key to facilitating the participation of global financial institutions and investors in cryptoasset markets.
- **Ensuring the delineation of financial instruments and cryptoassets:** As part of fostering global consistency in admissions and disclosures as well as ensuring regulatory certainty for firms, we strongly support a clear delineation between financial instruments and cryptoassets. A harmonised approach to cryptoasset disclosure can support the legal and regulatory classification of cryptoassets throughout their lifecycle, and ultimately enhance clarity for markets.
- **Promoting standardisation in disclosures:** We encourage the FCA to take an active role in driving the standardisation of disclosure documents, ensuring they are clear, comparable, and easily accessible for all market participants. Firms and investors require consistent documents when making investment decisions and/or facilitating transactions. In addition, any duplication in disclosures across a cryptoasset's lifecycle should be avoided, thereby maximising operational efficiency.

Association for Financial Markets in Europe

London Office: Level 10, 20 Churchill Place, London E14 5HJ, United Kingdom T: +44 (0)20 3828 2700

Brussels Office: Rue de la Loi 82, 1040 Brussels, Belgium T: +32 (0)2 883 5540

Frankfurt Office: c/o SPACES - Regus First Floor Reception Große Gallusstraße 16-18 60312 Frankfurt am Main, Germany
T: +49 (0)69 710 456 660

www.afme.eu

Questions

1. Do you agree with the outcomes we are seeking for the overall regime? Are there any important outcomes we may not have included, or any that you believe are not appropriate?

AFME agrees with the strategic outcomes set out by the FCA for the overall cryptoasset regime. We particularly emphasise the importance of international competitiveness and growth as key outcomes for the UK's cryptoasset regime. As part of this, we welcome the FCA's objective towards fostering global consistency and its proposed approach to align the future framework appropriately with international standards. This should have regard to both global standard setters' recommendations on the supervision and oversight of cryptoasset activities and markets¹ as well as global industry recommendations on the classification approach and taxonomy².

We also emphasise that global consistency in 1) the classification of cryptoassets and 2) associated delineation between financial instruments (i.e. those qualifying as existing specified investments) and cryptoassets is of paramount importance both to the development of the cryptoasset markets in the UK and the development of deep and liquid cross-border and international cryptoasset markets, as well as to support the critical functioning of existing markets for financial instruments.

6. Should an admission document always be required at the point of initial admission? If not, what would be the scenarios where it should not be required? Please provide your rationale.

We are supportive of the FCA's proposed framework for Admissions and Disclosures, and agree that an admission document should be required at the point of initial admission. We agree that the person who initiates the application for admission to trading would be responsible and subject to the associated liability for the production and publication of any required admission documents (including if this person is the CATP itself). This is important for creating consistency and transparency for investors, as well as ensuring clarity on liability requirements.

8. Do you agree with our proposed approach to disclosures, particularly the balance between our rules and the flexibility given to CATPs in establishing more detailed requirements?

We are strongly supportive of avoiding any duplication across a cryptoasset's lifecycle and thereby maximising operational efficiency. To this end, we believe that the FCA should take an active role in encouraging the standardisation of disclosure documents across the industry, so that investors and authorised providers of crypto asset services can refer to consistent documents when making investment decisions and/or facilitating transactions.

With regards to the disclosure requirements, we view that disclosure on the legal status of a cryptoasset is highly important and should be mandatory. This would help facilitate the delineation of cryptoassets from instruments which may meet the existing criteria of specified investments.³ In other jurisdictions with existing cryptoasset frameworks (such as the EU), there exist requirements as part of white papers to be published

¹ FSB's *High Level Recommendations for the Regulation, Supervision and Oversight of Crypto-Asset Activities and Markets* (2023) and *High Level Recommendations for the Regulation, Supervision and Oversight of Global Stablecoin Arrangement* (2023)

² For example, the CFTC's Global Markets Advisory Committee's Taxonomy on Digital Assets:

https://www.cftc.gov/media/10321/CFTC_GMAC_DAM_Classification_Approach_and_Taxonomy_for_Digital_Assets_030624/download

³ With reference to the existing list of 'specified investments' in Part III of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (RAO), such as tokenised financial instruments, or the rights to the same, which includes security tokens.

prior to a cryptoasset's offering to provide the rationale and any relevant legal basis for why a cryptoasset should be considered as such (as opposed to a transferable security, payment instrument, money market instrument, units in collective investment undertakings, derivative contract, emission allowance). In the UK context, similar analysis explaining why a cryptoasset should not be considered as a specified investment would also be a useful tool to help achieve clarity on classification for market participants, especially where cryptoassets may display characteristics of financial instruments. Ensuring a harmonised approach to classification (by means of disclosure) is critical to the development of cryptoasset market and in facilitating the participation of firms especially as regards possible implications for liability.

19. Do you agree with the suggested approach to our rules on filing admission documents on the NSM?

We welcome the proposal for disclosure documents to be filed on the National Storage Mechanism. This would help ensure investors and authorised providers of cryptoasset services to refer to a common database for documents. This type of harmonisation and streamlining would help ensure equal access by all market participants to material information and help foster transparency.

AFME Contacts

Coco Chen
Associate Director, Technology & Operations
coco.chen@afme.eu

Priya Deuchande
Graduate, Technology & Operations
priya.deuchande@afme.eu