

Executive summary

Bitcoin Policy UK has prepared this paper following discussion on these subjects at the recent meeting of the Crypto & Digital Assets All-Party Parliamentary Group (“**APPG**”) on 4 March 2024 at the request of the APPG.

It is stated government policy that the UK become a ‘crypto hub’ and a good place for relevant companies in the sector to do business. Unfortunately, the reality of operating such a company in the UK demonstrates that this policy is very far from fulfilment. This paper sets out samples of instances where (i) financial institutions are preventing UK citizens from lawfully transacting with cryptocurrency businesses; (ii) cryptocurrency businesses are withdrawing products and services from UK citizens as a result of poorly-conceived UK regulations; (iii) such businesses are being required to create disproportionate frictions for their customers when they are attempting to transact lawfully on platform and (iv) by contrast the FCA claims it is unable to act to control what appears to be a crypto-token marketing scam, exposing UK customers to the risk of significant harm.

1. Banking restrictions: bans and limits imposed on UK citizens.

*Information correct as of Q3 2023. This chart summarises restrictions or bans imposed by UK banks on their customers, preventing transfers to and from cryptocurrency exchanges and/or the ability to spend from customer accounts on cryptocurrency products of any kind. We note furthermore that UK retail investors remain unable to access exchange traded products that give exposure to Bitcoin, again as a result of FCA policy, but this is a subject for a separate submission. This is an **illustrative** and **non-exhaustive** list.*

	Daily	30 days
NatWest	£ 1,000	£ 5,000
Santander	£ 1,000	£ 3,000
HSBC	£ 2,500	£ 10,000
Lloyds	No limit	No limit
Barclays	No limit	No limit
Nationwide	£ 5,000	£ 150,000
Monzo	No limit	No limit
Revolut	No limit	No limit
Starling	Blocked	Blocked
Chase	Blocked	Blocked
Metro Bank	Block high volume	Block high volume
Tesco Bank	Blocked	Blocked
TSB	Blocked	Blocked
Coop	No limit	No limit
Virgin Money	Blocked	Blocked

2. Businesses withdrawing services from the UK/unable to operate in UK

Information correct as of Q1 2024. This chart includes examples of businesses either mothballing cryptocurrency products or services, or withdrawing entirely from the UK, together with the reasons cited by each business. Note that this is a **non-exhaustive** and illustrative list only.

Business	Service or product withdrawn	Any reason cited?
CoinCorner	Affiliate program withdrawn. Bolt card product withdrawn.	Regulatory changes in the UK
Luno	Referral rewards program withdrawn. UK customers unable to buy on the platform	Recent regulatory changes
PayPal	Ability to buy cryptocurrency withdrawn	New rules brought in by the FCA
Nexo	Cashback program withdrawn Nexo closed to new UK users (ie no new customers can be onboarded)	Not cited but likely to be owing to FCA regulation
Skrill	Loyalty point program withdrawn in relation to cryptocurrency services	New FCA regulation.
Binance	No new UK users being accepted. Limited services for other UK users.	New FCA regulations
Swan	Only available to HNWIs	N/A
Relai	Currently unable to operate in UK	UK regulatory environment
River	Currently unable to operate in UK	UK regulatory environment
Strike	Currently unable to operate in UK	UK regulatory environment
Exodus	Unavailable to UK citizens in UK app stores	New FCA regulations
Pocket	Currently unable to operate in UK	New FCA regulations cited
Bringin	Access to UK citizens withdrawn	New regulatory reasons cited

3. Frictions created by the FCA for UK Consumers

Disregarding the feedback received from industry, the FCA recently categorised Bitcoin as a 'Restricted Mass Market Investment'. This has required legitimate and lawfully-operating businesses to restrict its availability to customers, and to ensure that certain 'customer frictions' are created in order to restrict the ability of such customers to buy it.

We note that Bitcoin remains freely available to purchase from non-UK regulated companies, and peer to peer, (i) rendering this restriction by the FCA wholly ineffective; (ii) damaging UK businesses by driving their retail customers offshore; and (iii) arguably exposing those customers to increased risk of harm owing to the fact that they may now be purchasing Bitcoin from unregulated foreign entities or individuals.

Business	Example of customer frictions
CoinCorner	https://x.com/freddienew/status/1743644852699443595?s=20
Coinbase	https://x.com/freddienew/status/1743645052977475924?s=20
Kraken	https://x.com/freddienew/status/1743645216337183127?s=20
Revolut	https://x.com/freddienew/status/1743645403663192551?s=20
Uphold	https://x.com/freddienew/status/1743645594088849468?s=20
Gemini	https://x.com/freddienew/status/1743908450608816433?s=20
Crypto.com	https://x.com/freddienew/status/1744301134246764596?s=20
OKX	https://x.com/freddienew/status/1745103515989504000?s=20
Binance (existing users only)	https://x.com/freddienew/status/1745751872894304656?s=20

These frictions are not only a drag on direct investment in Bitcoin but a serious red flag for those wishing to invest in relevant businesses in the UK. An example would be Bitcoin miners, who would be valuable partners in building out the UK's renewable energy grid (RE) and curtailing methane emissions, as they are in the United States. At Bitcoin Policy UK we have had numerous enquiries from overseas mining companies, attracted by our abundance of RE but discouraged by lack of positive and welcoming UK regulation.

4. Contrast between FCA actions - Mickey meme coin is fine; buying Bitcoin is not.

A case study to illustrate contradictions and the real risk of customer harm that are resulting from the FCA's approach to the sector, and their failure to differentiate between a secure, decentralised and stable asset such as Bitcoin on the one hand, and an apparent scam on the other.

"Mickey Meme Coin" is a new token project using Mickey Mouse to sell unregistered securities to the public. mickeymeme.xyz. A BPUK source contacted the FCA in relation to the "Mickey Meme Coin" and received the response below.

Thank you for contacting the Financial Conduct Authority (FCA).

I understand from your query that you have concerns about the activities of the backers/issuers of Mickey Meme Coin/Posterity Entertainment Ltd/r [REDACTED]. I appreciate this must be concerning but unfortunately this isn't something we can help with as this does fall outside our area of regulation as explained on our [reporting a scam](#) webpage. This webpage also provides guidance as to what next steps you can take.

Our role

I thought it would be useful to provide you with information about the FCA and what we do. We're responsible for the conduct and supervision of regulated firms such as banks, building societies, insurers, investment firms and those offering consumer credit in the UK. We set the rules and regulations for authorised firms to follow in relation to their regulated activities (such as credit broking or insurance services). Further information can be found on our website www.fca.org.uk.

Cryptoassets

It is important to be aware that Exchange tokens (such as Bitcoin and 'cryptocurrency' equivalents) are not currently regulated in the UK. This means that the transfer, purchase and sale of exchange tokens and mining, including the operation of exchange token exchanges, all currently fall outside our regulatory remit.

However, transactions that speculate using cryptocurrencies such as contracts for differences (CFD's) may be a [regulated activity](#), providing the firm offering the activity is authorised by us. The FCA do supervise cryptoasset firms based in the UK who carry out cryptoasset activities specified under the amended Money Laundering regulations. We also have information on our website about [cryptoasset investment scams](#) which you may find useful.

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Despite the clear risks to UK customers resulting from the sale and promotion of a new token, which is being advertised and sold to UK consumers as at the date of this paper, the FCA claims **'unfortunately this isn't something we can help with as it falls outside our area of regulation'**. However, the FCA appears perfectly able to deprive UK firms of business, to drive UK customers offshore, and to expose them to all the associated risks that come with such offshore purchases.

The 'Mickey Meme Coin' is being actively promoted and sold to the public with impunity (see an example of such promotion below), and the FCA are apparently unable to act, despite their actions in relation to regulated and compliant businesses that have, as demonstrated by this paper, resulted in those businesses either withdrawing services from, or being unable to operate in, the UK.



artvers3 @artvers3 · Mar 8

Replying to @rovercrc

the most famous ticker and best tight-knit community is **\$MICKEY**

disney lost the original **mickey** mouse copyright—now **mickey's** taking over the eth **meme coin** game 🚀

@SBWMickeyERC



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Conclusion

As a direct result of the FCA's approach, legitimate companies such as Strike or Relai are currently unable to operate in the UK and sell Bitcoin in a safe manner to UK citizens, but the issuers of the worthless Mickey Meme Coin are free to issue, promote and sell it to UK customers, with complete impunity.

This is neither a consistent or a logical approach to regulation or to protecting UK customers from harm, and it must be rectified.

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