

8 October 2026

SENT VIA EMAIL ONLY

Nikhil Rathi
Chief Executive
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

Dear Mr Rathi,

Re: Why Bitcoin Should Not Be Treated as a Generic Cryptoasset

Bitcoin Policy UK is writing about the FCA's developing regulatory framework for cryptoassets and, in particular, how Bitcoin is treated within it. We support the principle of "same risk, same regulation". Where activities create the same risks, they should be subject to equivalent regulatory standards. Not all cryptoassets have the same structure or risk profile, and applying the same rules to all of them can create problems of its own.

The FCA has recognised that traditional financial regulation cannot always be applied directly to cryptoassets, particularly where decentralised systems have no central authority and some disclosure or due diligence obligations are harder to apply. We believe those differences also need to be recognised when comparing Bitcoin with cryptoassets that have an issuer or controlling organisation.¹

Bitcoin has no issuer, company or controlling organisation able to change its monetary policy, allocate supply to insiders or make disclosures on behalf of the network. Many cryptoassets are structured very differently, with identifiable issuers, founders or organisations behind them. That changes where the risks sit, who can be regulated and how consumers can be protected. BPUK has raised these differences repeatedly in its work with the FCA and HM Treasury.

Firms providing services around Bitcoin can still create risks that regulation should address. They may take custody of customer assets, operate trading venues, provide leverage, internalise orders or exercise control over customer funds and transactions. Custody failures, conflicts of interest, rehypothecation, poor execution and misleading financial promotions can all cause consumer harm, whatever the underlying asset.

¹ Financial Conduct Authority, "[The FCA's approach to regulating cryptoassets and stablecoins](#)", 26 November 2025.

A newly issued token with concentrated insider ownership, limited liquidity and an identifiable issuer able to influence supply and promotion carries different risks from Bitcoin, which has no issuer and trades globally across highly liquid markets. Treating both as though they carry the same risks runs against the principle of “same risk, same regulation” and makes it harder for consumers to understand where those risks sit.

This also has practical consequences for UK businesses. The FCA has said that the new regime should reduce barriers to entry, increase participation by smaller and innovative firms, support effective competition and make the UK a place where cryptoasset businesses choose to establish and operate.² Those are objectives we strongly support.

Getting the distinction between Bitcoin and other cryptoassets right would help meet those aims. Rules designed around issuers or centrally controlled projects create costs for Bitcoin businesses that do not match the risks they present. Large global firms may be able to absorb those costs, but for smaller UK businesses they directly affect whether entering or remaining in the market is viable.³

If compliant services become harder to offer in the UK, consumers can be pushed towards overseas or less regulated alternatives, undermining the aim of reducing harm.

The same applies to open Bitcoin infrastructure. Bitcoin can be held and transferred without an intermediary, while much of the network relies on open source software and participants that do not take custody or control customer funds.

We welcome the FCA's recent clarification that self-custody arrangements fall outside the safeguarding perimeter where the provider has no means of exercising control.⁴ Rules written for regulated firms should also avoid unintentionally capturing non-custodial wallet developers, open source maintainers, node operators or miners where there is no custody, control or regulated intermediary activity.

With firms now preparing for the new regime, clarity on Bitcoin's treatment would help businesses make decisions about investment, structure and whether to build in the UK. It would also give the FCA a clearer basis for applying regulation to the risks that exist rather than treating all cryptoassets as though they operate in the same way.

² Financial Conduct Authority, “[Overview of our cryptoassets regime policy statements](#)”, 30 June 2026.

³ Financial Conduct Authority, CP25/41, “[Regulating Cryptoassets: Admissions & Disclosures and Market Abuse Regime for Cryptoassets](#)”, 16 December 2025.

⁴ Financial Conduct Authority, [PERG 18.6.3, 'What about self-custody arrangements?'](#), updated 16 September 2026.

We would welcome the FCA's views on the following questions:

1. How will the FCA apply the principle of “same risk, same regulation” where provisions designed around an issuer, controlling person or centrally managed project cannot meaningfully apply to Bitcoin, including in relation to issuer disclosures and market abuse risks associated with tokens?
2. How will the FCA ensure that non-custodial Bitcoin infrastructure, including open source software, node operators and miners, remains outside rules intended for regulated intermediaries where there is no custody, control or regulated intermediary activity?
3. How will the FCA assess whether the cost of the new regime is creating unnecessary barriers for smaller UK Bitcoin businesses or discouraging responsible firms from entering the UK market?
4. Will the FCA publish guidance on where Bitcoin's characteristics justify different regulatory treatment from other cryptoassets?
5. Bitcoin Policy UK's position remains that Bitcoin's classification as a Restricted Mass Market Investment is incorrect. Will the FCA review that classification in light of Bitcoin's distinct structure and risk profile?

Building a regulatory regime for a fast moving market is a significant task, and the FCA's efforts to give firms greater certainty ahead of implementation are welcome. Firms providing services around Bitcoin should not be exempt from appropriate regulation, but regulation should follow the risks that exist. Where the risks are the same, regulation should be the same; where they are different, the treatment should reflect that.

We would welcome the FCA's views on the questions above and the opportunity to meet to discuss Bitcoin's treatment under the developing regulatory framework.

Yours sincerely,

Susie Violet Ward
CEO & Co-Founder
Bitcoin Policy UK