

# BITPANDA RESPONSE TO CP 26/4

## APPLICATION OF FCA HANDBOOK FOR REGULATED CRYPTOASSET ACTIVITIES – PART 2

### EXECUTIVE SUMMARY

We welcome the opportunity to respond to the FCA's proposals on regulated cryptoasset activities and appreciate the constructive engagement with the policy team on the measures set out in recent consultations. Bitpanda is aligned with the FCA's vision in developing an outcomes-focused regime that strikes the right balance between consumer protection, market integrity and fostering innovation.

A central theme in our response is the importance of clarity on territorial scope. Cryptoasset markets are inherently cross-border and many firms operate global platforms and shared infrastructure. Clear guidance on what constitutes UK-facing activity will be essential to ensuring the regime is workable and avoiding unintended extraterritorial effects. This clarity will also help firms plan appropriately ahead of the proposed October 2027 implementation timeline.

We appreciate the FCA's efforts in providing supplementary guidance on the application of the Consumer Duty, in the context of cryptoasset activities. We believe further dialogue with industry would be valuable to ensure the Duty is applied proportionately and consistently across the market. Concepts such as "acting in good faith" and "avoiding foreseeable harm" are open to interpretation. Without additional worked examples there is a risk of divergent interpretation and uneven outcomes. We therefore encourage the FCA to develop further crypto-specific case studies in the coming months.

The application of COBS 4 requires a further discussion ahead of the publication of final policy statements to ensure that the regime is facilitating competition and growth in the cryptoasset market. We note that RMMI classification for cryptoassets was introduced as a short-term safeguard at a time when much cryptoasset activity sat outside the FCA perimeter and supervisory visibility was limited. As the UK moves to a comprehensive framework, applying a RMMI categorisation to qualifying cryptoassets risks sending an unnecessarily negative signal to consumers and creates friction through measures such as cooling-off periods, prescriptive warnings and appropriateness assessments. This has the potential to constrain competition and detriment market growth.

Finally, we encourage the FCA not to underestimate the implementation impact of the proposed safeguarding and custody requirements. We support the policy intent of CASS 17-style outcomes in protecting client ownership rights. However, applying concepts such as control, segregation and reconciliation to cryptoassets can be complex as outlined in our response. Further scenario-based guidance on these structures would support implementation and reduce the risk of unintended disruption to consumer access and market functioning.

This is an executive summary as part of Bitpanda's full response to the FCA's consultation on the application of the FCA's Handbook for regulated cryptoasset activities. Please contact the UK Public Affairs Team for further information on our responses to the FCA's consultations on the cryptoasset regime.