IRSG
INTERNATIONAL REGULATORY STRATEGY GROUP

**International Regulatory Strategy Group (IRSG)**

**RESPONSE TO THE FINANCIAL CONDUCT AUTHORITY CONSULTATION PAPER (CP25/41) 'REGULATING CRYPTOASSETS: ADMISSIONS & DISCLOSURES AND MARKET ABUSE REGIME FOR CRYPTOASSETS'**

## Introduction

The International Regulatory Strategy Group (IRSG) is a joint venture between TheCityUK and the City of London Corporation. Its remit is to provide a cross-sectoral voice to shape the development of a globally coherent regulatory framework that will facilitate open and competitive cross-border financial services. It is comprised of practitioners from the UK-based financial and related professional services industry who provide policy expertise and thought leadership across a broad range of regulatory issues. The IRSG welcomes the opportunity to respond to the Financial Conduct Authority (**FCA**) Consultation Paper (CP25/41): 'Regulating Cryptoassets: Admissions & Disclosures and Market Abuse Regime for Cryptoassets'.

**We wish to thank Clifford Chance LLP for their support in drafting this response.**

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## Points for consideration

### Asset admission criteria and due diligence

We support Cryptoasset Trading Platforms (CATPs) publishing transparent asset admission criteria incorporating the non-exhaustive CRYPTO 3.2 factors. These factors balance flexibility with rigour and avoid prescriptive rules while maintaining robust investor-protection standards.

We support pre-admission due diligence, provided it is proportionate and tiered by asset complexity and CATP size. For mature assets, including Bitcoin, the FCA should recognise established market practice and permit reliance on recognised benchmarks rather than mandating full re-audits. This approach preserves quality control while avoiding unnecessary cost and duplication.

We agree with the proposed record-retention periods for due-diligence materials, aligning with existing FCA Handbook standards and providing a sufficient audit trail without imposing disproportionate operational burdens.

### Qualifying Cryptoasset Disclosure Document (QCDD) requirement and tiered disclosures

We support a two-tier QCDD framework:

- Full QCDD for complex or illiquid assets
- Simplified Disclosure Documents (SDDs) for mature assets, including Bitcoin, Ethereum, and qualifying stablecoins

Grandfathering existing assets currently traded on UK platforms during the transition period is essential to prevent market disruption and aligns with the IRSG's position in response to the FCA

Discussion Paper (DP24/4) 'Regulating cryptoassets: Admissions & Disclosures and Market Abuse Regime for Cryptoassets'.[1]

We support outcomes-based disclosure rules, giving CATPs flexibility to tailor QCDDs and SDDs to their investor base. Clear, one-page executive summaries remain important for retail comprehension, covering asset type, key risks, custody arrangements, liquidity profile, and regulatory classification.

**Conflicts of interest and enhanced liability considerations**
We support conflicts-of-interest disclosures, supported by due-diligence evidence and enhanced governance arrangements. Information barriers and robust audit trails should suffice rather than structural separation.

Significant concerns remain about CATP liability for assets with no clear issuer, such as mature decentralised cryptoassets like BTC. Without safe-harbour protections or proportionate liability carve-outs, platforms risk avoiding asset listings despite conducting robust due diligence, potentially restricting retail access to widely traded and established assets.

We recommend:

- Safe harbour provisions for CATPs conducting CRYPTO 3.2 due diligence on "no-issuer" assets
- FCA-approved disclosure templates to reduce platform-specific liability
- Grandfathering existing listings with streamlined re-validation procedures

Absent these protections, UK CATPs may delist established assets, driving retail investors to offshore, unregulated platforms.

**Responsibility and liability framework for QCDDs/SDDs**
We agree with a shared responsibility model: issuers bear primary responsibility, and CATPs undertake secondary diligence. Forward-looking statement protections, i.e. Prospectus and Other Advertising Technical Requirements (POATR) style, remain essential given the non-proprietary nature of many cryptoassets. Liability should reflect the degree of control and knowledge exercised by each party.

For mature or decentralised assets, the absence of an identifiable issuer introduces practical challenges. Original issuers may be defunct or orphaned, no party may actively seek admission, and information asymmetries may persist despite good-faith due diligence. The FCA should implement proportionate liability mechanisms to ensure that CATPs can continue listing such assets without excessive legal exposure.

[1] IRSG response to the FCA Discussion Paper (DP24/4): 'Regulating cryptoassets: Admissions & Disclosures and Market Abuse Regime for Cryptoassets': [irsg-response-fca-dp244-cryptoassets-admissions-disclosuresand-marc.pdf](irsg-response-fca-dp244-cryptoassets-admissions-disclosuresand-marc.pdf)

**Industry-led templates and dissemination**
We strongly support industry-led standardised disclosure templates coordinated through trade bodies. This approach promotes consistency, reduces compliance costs, and allows evolution based on market feedback. The FCA should endorse but not mandate specific formats.

Disclosure documents should be accessible via a central repository and published on CATP websites in machine-readable formats, i.e. in line Extensible Business Reporting Language/ Extensible Markup Language (iXBRL/XML) to support interoperability with wholesale initiatives, including Project Agora. Active dissemination via Application Programming Interfaces (APIs) should complement web publication to ensure accessibility and operational practicality.

**Market abuse, monitoring, and cross-platform information sharing**
We support outcomes-based requirements for market-abuse systems and controls, which allow proportionality by firm size and complexity while maintaining market-integrity standards. On-chain monitoring thresholds should reflect trading volume or the number of admitted assets, aligning with the CP25/40 definition of "large CATP" to avoid disproportionate burdens on smaller platforms.

We strongly support cross-platform information sharing but recommend minimum standards for data formats, access pricing, and safeguards against anti-competitive behaviour. Industry-led coordination through existing trade bodies, with FCA oversight, provides effective implementation while avoiding unnecessary institutional duplication.

**Stablecoins, retail protection, and client differentiation**
We fully support the framework for UK qualifying stablecoin disclosure documents, including pre-sale disclosures, withdrawal rights, third-party admission requests, website alignment, and update cadence. These measures remain proportionate and operationally practical.

We support strong retail protections but emphasise that they should focus on outcomes rather than overly procedural obligations, which risk deterring participation or driving activity offshore. Differentiation between retail and non-retail clients is essential: imposing retail-style obligations on professional or institutional participants would create disproportionate burdens and conflict with their risk management capabilities.

**Cost-benefit analysis and implementation**
The FCA's cost–benefit analysis identifies important consumer benefits but underestimates cumulative costs and operational complexity arising from the interaction of CP25/40, CP25/41, and CP25/42.

We recommend phased implementation, transitional relief, grandfathering for existing assets, and periodic review mechanisms. The FCA should also model cross-border competitive effects and transition scenarios to ensure the regime protects consumers without undermining innovation, liquidity, or institutional participation in UK markets.