



connecting the future

Consultation Paper 25/15
A prudential regime for cryptoasset firms

Financial Conduct Authority
May 2025

Response from
The Payments Association
July 2025

Introduction

The Payments Association welcomes the opportunity to contribute to the FCA DP 25/15 “A prudential regime for cryptoasset firms”.

The community’s response contained in this paper reflects views expressed by our members and industry experts recommended by them who have been interviewed and who are referenced below. As The Payment Association’s membership includes a wide range of companies from across the payments value chain, and diverse viewpoints across all job roles, this response cannot and does not claim to fully represent the views of all members.

We are grateful to the contributors to this response, which has been drafted by Riccardo Tordera, our Director of Policy & Government Relations with assistance from law firm and member Travers Smith. We would also like to express our thanks to the FCA for their continuing openness in these discussions. We hope it advances our collective efforts to ensure that the UK’s payments industry continues to be progressive, world-leading, and secure, and effective at serving the needs of everyone who pays and gets paid.

Tony Craddock
Director General
The Payments Association

Our members views:

We have decided not to submit detailed commentary on each question in the Consultation Paper, but instead to provide our overall view on the proposed regime.

As currently drafted the proposed regime is likely to deter firms rather than promote the growth of the sector.

This is because the regime, taken as a whole and seen in the light of the proposed rules in CP25/14, is both unnecessarily complex as well as resulting in stablecoin issuers being required to hold (i.e. raise from investors) unnecessarily high levels of capital. This, in our view, is because the FCA has modelled the regime on the IFPR, which is already known to be complex and difficult to apply in practice.

Moreover, having a K-factor based on issuance volumes (ostensibly to mitigate the risk of firm insolvency) is not the correct approach – stablecoin issuers' incremental costs and risks of failure are not directly correlated with size (and indeed there may be benefits as issuers scale), and this approach both raises the bar too high in terms of the capital potential issuers would need to raise in order to launch, as well as being a very obvious disincentive to grow. Members would be much more comfortable with a higher (but simpler to apply) permanent minimum requirement.

We urge the FCA to re-evaluate its entire approach to stablecoin regulation in light of the United States' GENIUS Act. This development is a genuine game-changer and cannot be ignored as to do so risks making the UK an uncompetitive jurisdiction for this sector.

Furthermore, while the FCA appears to have considered international perspectives we believe it has not drawn the right lessons from comparable regimes including those in the U.S., Gulf States, Singapore, Hong Kong and Japan, which have now established clearer, more innovation-friendly frameworks and are better positioned to attract firms. As a result, the FCA's proposals risk falling short of international best practice, especially given cryptoassets' global character and the intense competition to secure industry investment.

There remains a clear disjunction between the Chancellor's Mansion House ambition to position the UK at the forefront of blockchain innovation, tokenised securities and stablecoins, and a prospective regulatory regime that, if over-restrictive, risks undermining both domestic competitiveness and alignment with international best practice.

About The Payments Association

The Payments Association is for payments institutions, big & small. We help our members navigate a complex regulatory environment and facilitate profitable business partnerships.

Our purpose is to empower the most influential community in payments, where the connections, collaboration and learning shape an industry that works for all.

We operate as an independent representative for the industry and its interests, and drive collaboration within the payments sector in order to bring about meaningful change and innovation. We work closely with industry stakeholders such as the Bank of England, the FCA, HM Treasury, the Payment Systems Regulator, Pay.UK, UK Finance and Innovate Finance.

Through our comprehensive programme of activities for members and with guidance from an independent Advisory Board of leading payments CEOs, we facilitate the connections and build the bridges that join the ecosystem together and make it stronger.

These activities include a programme of monthly digital and face-to-face events including our annual conference PAY360 and PAY360 Awards dinner, CEO round tables and training activities.

We run seven stakeholder working Project groups: Inclusion, Regulator, Financial Crime, Cross-Border, Digital Currencies, ESG and Open Banking. The volunteers within these groups represent the collective view of The Payments Association members at industry-critical moments and work together to drive innovation in these areas.

We also conduct exclusive industry research which is made available to our members through our Insights knowledge base. These include monthly whitepapers, insightful interviews and tips from the industry's most successful CEOs. We also undertake policy development and government relations activities aiming at informing and influencing important stakeholders to enable a prosperous, impactful and secure payments ecosystem.

See www.thepaymentsassociation.org for more information.

Contact malik.smith@thepaymentsassociation.org for assistance.