



FCA Cryptoasset Registration Under the Money Laundering Regulations

1 April 2026



Key Dates at a Glance

• **Now – Sept 2026**

- MLR registration applications assessed as normal. Firms may still apply if registration is worthwhile before the new regime begins.

• **July 2026**

- FCA Pre-Application Support Service (PASS) opens – free, non-mandatory engagement with FCA case officers ahead of FSMA applications.

• **30 Sept 2026**

- FSMA authorisation application window opens. FCA encourages firms to focus on FSMA authorisation rather than new MLR registrations from this point.

• **28 Feb 2027**

- Application window closes. Firms that apply in time benefit from the saving provision – they may continue operating until their application is determined.

• **25 Oct 2027**

- New FSMA cryptoasset regime comes into force. Operating without authorisation from this date risks breaching s.19 FSMA (the general prohibition).

While cryptoasset businesses have, since January 2020, been required to register with the Financial Conduct Authority (“FCA”) under the Money Laundering Regulations 2017 (“MLRs”), this framework has been limited in scope, focusing solely on anti-money laundering and counter-terrorist financing obligations.

Under the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026, a comprehensive regulatory regime will be introduced, bringing a wide range of cryptoasset activities within the FCA’s full regulatory perimeter.

The new regime is expected to come into force on 25 October 2027, at which point any firm conducting regulated cryptoasset activities without FCA authorisation will be in breach of the general prohibition under section 19 FSMA.

Two Overlapping Regimes

The FCA has confirmed that the application window for FSMA authorisation will open on 30 September 2026 and close on 28 February 2027 and firms that submit applications within this window will benefit from a “saving provision”.

The “saving provision” will allow the firms to continue operating while their application is determined. However, there will be no grandfathering of existing MLR registrations; all firms must apply afresh.

Despite the impending FSMA regime, MLR registration continues to serve a practical function during the transition period. New market entrants wishing to commence operations before September 2026 may need to obtain MLR registration in order to trade lawfully.

Importantly, firms should not assume any continuity between the two regimes. MLR registration will not convert into FSMA authorisation, and holding MLR status will not reduce the evidential burden under the new framework. The FCA has been explicit that the forthcoming regime will require a significantly higher standard of governance, systems, and regulatory integration.

Regulatory Expectations: Beyond Technical Compliance

The FCA's approach under the FSMA regime will focus on whether firms are operationally sound and sustainably compliant, rather than simply whether they meet minimum rules on paper.

This means the FCA will scrutinise how decisions are made, how risks are identified and escalated, and whether senior management genuinely understands and controls the business. Unclear accountability or inconsistent processes are likely to be treated as indicators of wider risk.

There will also be a clear expectation that compliance is integrated into day-to-day operations, and incident response. The emphasis is therefore on consistency, traceability, and evidence – not just policies.

Scope of the New FSMA Cryptoasset Regime

The incoming regime will regulate a defined set of cryptoasset activities that mirror traditional financial services functions, but applied to digital assets. These include operating trading venues, executing transactions (as principal or intermediary), safeguarding client assets, facilitating deals, and issuing certain types of stablecoins.

The critical point for firms is not merely identifying whether they are "in crypto", but determining precisely which regulated activities they perform.

Firms must therefore conduct a granular activity-by-activity analysis, rather than a high-level classification of their business. This should include reviewing customer flows, contractual structures, and how assets are held or transferred. Particular care should be taken where functions are outsourced or embedded within broader services, as these may still fall within scope.

Practical Steps for Firms Acting Now

At this stage, firms should move beyond general awareness and begin making concrete decisions about their regulatory pathway. In particular:

- **Assess the role of MLR registration:** Determine whether it is commercially and operationally sensible to pursue MLR registration within the remaining window, or whether resources would be more effectively directed towards preparing for FSMA authorisation;
- **Evaluate business model alignment:** Identify any aspects of the business that may require restructuring, simplification, or discontinuation in order to fall within the scope of permissible and authorisable activities under the FSMA regime.
- **Commence FSMA application preparation:** Begin assembling the core components of an application, including governance frameworks, compliance policies and procedures, and evidence demonstrating operational capability and control.
- **Demonstrate regulatory readiness:** Ensure that the business can evidence its ability to operate within a fully regulated environment on an ongoing basis, rather than treating the application process as a purely administrative exercise.
- **Mitigate timing risk:** Recognise that delay at this stage will significantly compress preparation time ahead of the application deadline, increasing the likelihood of incomplete, inconsistent, or unsuccessful applications.

The FCA's Latest Guidance: Navigating the Transition

The FCA's March 2026 guidance is primarily concerned with timing and coordination between MLR registration and FSMA authorisation.

A key clarification is that firms applying close to or after the opening of the FSMA gateway should align their applications strategically, rather than treating MLR and FSMA processes as separate exercises.

The guidance also highlights that firms should not treat MLR registration as a substitute for FSMA preparation. Instead, it should be viewed as a short-term operational step, where necessary, while the substantive focus shifts to FSMA authorisation.

The transition to the FSMA regime is not merely a regulatory formality, but a structural change in how cryptoasset businesses are assessed and permitted to operate in the UK.

The key issue for firms is no longer whether regulation will apply, but whether they can meet the standard required to obtain and retain authorisation. The limited application window and absence of transitional relief mean that preparation must be both early and substantive.



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