

Treasury reveals proposals to regulate cryptocurrency

The Treasury has revealed proposals to regulate cryptocurrency, following widespread calls for action after the spectacular collapse of one of the world's largest trading exchanges.

Promising a “robust” approach to digital assets consistent with traditional finance, the government says it wants exchanges to have fairer and tighter standards.

Under the plans, crypto platforms would become responsible for defining the demands that a currency must meet before being admitted for trading.

Exchanges will also be held accountable for safely facilitating transactions and keeping customer assets safe.

It comes after the deputy governor of the Bank of England told Sky News that crypto trading is “too dangerous” to remain outside mainstream regulation.

Speaking in light of [the sudden bankruptcy of crypto platform FTX](#), Sir Jon Cunliffe [described the market as “incredibly volatile”](#) and said investors needed more protection.

Some 80,000 UK-based customers were impacted by the collapse of the world's second-largest crypto exchange, with one British investor [left with a £1m hole in his finances](#).

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The proposals – which Labour said had arrived too far too late – come as the crypto industry seeks to regain the confidence of spooked investors.

Since FTX collapsed, wider market turmoil has seen Bitcoin, the world's biggest token, [fall to a five-month low](#) and major exchange Coinbase cut 20% of its workforce.

Less than a year ago, Rishi Sunak, then chancellor, said he wanted the UK to [be a "global crypto asset hub"](#).

Andrew Griffith, economic secretary to the Treasury, said the government was still committed to enabling crypto, but stressed the need to "protect consumers who are embracing this new technology".

The plans will first be submitted to a consultation, but the Treasury claims the regulation will be a “world first”, suggesting it should arrive before the EU’s expected crypto legislation in 2024.

In the meantime, the Treasury announced it would be introducing a time-limited exemption to let more crypto asset companies issue promotions following a [crackdown on “misleading” adverts](#).

Firms that are registered with the Financial Conduct Authority for anti-money laundering purposes will be allowed to while the broader regulation is being introduced.

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What is the main aim of cryptocurrency?

‘We’ve been waiting a long time’

Crypto fraud expert Louise Abbott, a partner at Keystone Law, welcomed the proposals.

She told Sky News that the lack of regulation in crypto made it “hugely attractive to fraudsters”.

“We have been waiting in this industry for a long time,” she said.

“I deal with fraud and have seen a dramatic increase in crypto scams and fraud in the past 10 years. Last year, I was getting daily enquiries from potential victims who have been defrauded through a crypto scam.”

Ms Abbot hopes the regulation could be in place as soon as the summer, adding that it was in the interests of both exchanges and investors for greater oversight of the market.

Binance, the world’s biggest crypto exchange, [which was banned in the UK in 2021](#), welcomed the Treasury’s announcement and said regulation “helps to support innovation and is essential to establishing trust”.

Varun Paul, former head of fintech at the Bank of England, now of crypto infrastructure provider Fireblocks, also described the plans as a “positive step”.

He told Sky News that industry turmoil meant there was a need for “clear rules”, and expressed hope that the UK’s regulation would do the job while still encouraging innovation.