# FCA plans to lift ban on retail crypto ETNs while maintaining derivatives restrictions



The UK's Financial Conduct Authority (FCA) is poised to lift its ban on retail investors purchasing cryptocurrency-linked exchange-traded notes (ETNs), a significant policy shift aimed at bolstering the digital asset sector despite inherent risks. Previously, retail access to these investment products was restricted to professional investors, reflecting the FCA's continued caution over the late issuance of high-risk financial products.

David Geale, the FCA’s executive director of payments and digital assets, has underscored the regulator's commitment to the growth and competitiveness of the UK crypto industry. He stated that while the authority recognises the volatility associated with these investments—indicating that individuals could potentially "lose all their money"—it believes that consumers should have the choice to engage with such high-risk products. This change comes as part of a larger consultation process to gather responses from industry stakeholders until July 2025.

This proposed lifting of restrictions appears to align with broader governmental ambitions to position the UK as a leading player in the digital assets market. Chancellor Rachel Reeves has actively advocated for the UK to “lead in digital assets” and has announced plans to regulate cryptocurrency firms similarly to traditional financial institutions. Reelected U.S. President Donald Trump's pro-crypto stance has also heightened competition, compelling the FCA to reassess its approach to this fast-evolving market.

Even though the ban on crypto ETNs may be lifted, the FCA will maintain its prohibitions on retail investors accessing crypto derivatives. This decision highlights a cautious step towards allowing more market participation while still safeguarding investors from potential losses inherent in the crypto landscape. The FCA’s chairman, Nikhil Rathi, has voiced concerns about young investors viewing cryptocurrency as a gateway into investing, emphasising the necessity for robust protections against the speculative nature of these assets.

As the price of Bitcoin recently soared to new heights, with some reports indicating values over £82,000, the FCA's renewed approach to crypto investments could be seen as an attempt to capitalise on a burgeoning market while safeguarding consumer interests. The regulator has also implemented strict financial promotion rules to ensure investors are adequately informed about the risks associated with cryptocurrency investments.

In tandem with these developments, the FCA has ramped up efforts to combat the unauthorized promotion of financial products by social media influencers, acknowledging the potential pitfalls these platforms present for unregulated financial advice. Such measures form part of a broader strategy to enhance consumer protection within the crypto market, ensuring that investors are aware of risks while navigating a sector that remains largely unregulated.

The lifting of the ETN ban represents not only an adjustment in regulatory stance but also signals a commitment to fostering innovation in the UK’s financial ecosystem. However, with increasing scrutiny surrounding the risks posed by cryptocurrency investments, balancing investor freedom with adequate protections remains a pivotal concern for regulators and policymakers alike.

This evolving landscape will require careful monitoring, as the FCA prepares to consult stakeholders and adapt its strategies to maintain an equilibrium between encouraging investment and safeguarding consumer interests.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.independent.co.uk/money/financial-conduct-authority-city-watchdog-rachel-reeves-city-b2765107.html), [[2]](https://www.ft.com/content/4026da6b-43e6-47eb-9282-838aa841905a)
* Paragraph 2 – [[1]](https://www.independent.co.uk/money/financial-conduct-authority-city-watchdog-rachel-reeves-city-b2765107.html), [[3]](https://www.reuters.com/sustainability/boards-policy-regulation/embargoed-uk-end-ban-retail-investors-buying-crypto-exchange-traded-notes-2025-06-06/)
* Paragraph 3 – [[1]](https://www.independent.co.uk/money/financial-conduct-authority-city-watchdog-rachel-reeves-city-b2765107.html), [[2]](https://www.ft.com/content/4026da6b-43e6-47eb-9282-838aa841905a), [[4]](https://www.reuters.com/sustainability/boards-policy-regulation/uk-targets-rogue-finfluencers-joint-action-with-foreign-regulators-2025-06-05/)
* Paragraph 4 – [[1]](https://www.independent.co.uk/money/financial-conduct-authority-city-watchdog-rachel-reeves-city-b2765107.html), [[5]](https://www.reuters.com/technology/britain-bar-consumers-borrowing-buy-crypto-under-new-regime-2025-05-02/)
* Paragraph 5 – [[4]](https://www.reuters.com/sustainability/boards-policy-regulation/uk-targets-rogue-finfluencers-joint-action-with-foreign-regulators-2025-06-05/), [[6]](https://www.ft.com/content/55590385-5e51-4912-a145-4d9de469824a)
* Paragraph 6 – [[4]](https://www.reuters.com/sustainability/boards-policy-regulation/uk-targets-rogue-finfluencers-joint-action-with-foreign-regulators-2025-06-05/), [[5]](https://www.reuters.com/technology/britain-bar-consumers-borrowing-buy-crypto-under-new-regime-2025-05-02/)
* Paragraph 7 – [[1]](https://www.independent.co.uk/money/financial-conduct-authority-city-watchdog-rachel-reeves-city-b2765107.html), [[3]](https://www.reuters.com/sustainability/boards-policy-regulation/embargoed-uk-end-ban-retail-investors-buying-crypto-exchange-traded-notes-2025-06-06/)

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## Bibliography

1. <https://www.independent.co.uk/money/financial-conduct-authority-city-watchdog-rachel-reeves-city-b2765107.html> - Please view link - unable to able to access data
2. <https://www.ft.com/content/4026da6b-43e6-47eb-9282-838aa841905a> - The UK's Financial Conduct Authority (FCA) has proposed lifting its ban on retail investment in exchange-traded notes (ETNs) linked to cryptocurrencies, such as bitcoin and ethereum, signalling a shift in its previously cautious approach to digital assets. The ban has been in place since January 2021, but the FCA now argues that the market has matured and that investors should be allowed to make informed decisions about high-risk investments. The proposed changes are currently under consultation until July 2025. This move comes as global competition to attract the crypto industry intensifies, particularly following the reelection of a pro-industry U.S. President Donald Trump. UK Chancellor Rachel Reeves has also outlined plans to enhance regulatory frameworks and cooperate with the U.S. in digital assets oversight. However, other restrictions remain, including bans on crypto derivatives and exchange-traded funds for retail investors. Companies offering crypto-linked securities will be subject to strict financial promotion rules to ensure consumer protection, although investments in crypto ETNs will not be covered by the government’s compensation scheme. The broader UK regulatory framework will address stablecoins, trading platforms, brokers, lending, and give the FCA new enforcement powers.
3. <https://www.reuters.com/sustainability/boards-policy-regulation/embargoed-uk-end-ban-retail-investors-buying-crypto-exchange-traded-notes-2025-06-06/> - The UK's Financial Conduct Authority (FCA) has announced plans to lift its ban on retail investors purchasing crypto exchange-traded notes (ETNs). This marks a significant policy shift aimed at supporting economic growth and the digital asset sector. Previously limited to professional traders due to concerns about risk, ETNs will now be made available to all consumers through FCA-approved investment exchanges. The FCA emphasized the need to balance risk and allow individuals to make their own investment decisions, acknowledging that these are high-risk products with the potential for full loss of investment. The proposal is open for consultation. However, the FCA will maintain its existing ban on retail investors trading cryptoasset derivatives. This move follows the UK’s broader regulatory reforms in the crypto space, which include draft legislation introduced in April 2025 to bring cryptocurrencies under formal regulation, aligning more closely with the US framework rather than the EU’s tailored approach.
4. <https://www.reuters.com/sustainability/boards-policy-regulation/uk-targets-rogue-finfluencers-joint-action-with-foreign-regulators-2025-06-05/> - The UK's Financial Conduct Authority (FCA) has initiated a coordinated effort with financial regulators from Australia, Canada, Hong Kong, Italy, and the UAE to combat unauthorized promotion of financial products by social media influencers, commonly known as 'finfluencers.' The FCA's crackdown includes 650 takedown requests to social media platforms and 50 requests targeting websites operated by unlicensed financial promoters. Additionally, UK authorities have arrested three individuals, issued seven cease-and-desist letters, and released 50 warning alerts. The FCA warns that promoting financial products without appropriate authorisation may be a criminal offense. This joint international initiative follows growing concerns globally regarding the influence of unregulated financial advice online. Further, the UK Parliament's Treasury Committee has contacted Meta, the parent company of Facebook and Instagram, amid concerns that the platform is slower in removing harmful financial content compared to others. The operation underscores the increasing scrutiny and enforcement against unauthorized financial promotion on digital platforms.
5. <https://www.reuters.com/technology/britain-bar-consumers-borrowing-buy-crypto-under-new-regime-2025-05-02/> - The UK is introducing new regulations to improve consumer protection in the crypto market, which remains largely unregulated despite being owned by approximately 12% of adults. Under proposals announced by the Financial Conduct Authority (FCA), consumers may be restricted from using credit cards or other borrowed funds to purchase cryptocurrencies, although exceptions may be made for purchasing stablecoins issued by FCA-regulated companies. The FCA is also considering measures like credit checks and investment experience assessments for consumers involved in crypto lending and borrowing, which it views as high-risk activities due to potential loss, lack of oversight, and limited borrower evaluation. Institutional investors will retain access to these services. The regulator also aims to increase transparency and understanding of staking, a practice used by 27% of UK crypto holders. These steps are part of broader government efforts to regulate the sector comprehensively, targeting illicit activities while fostering innovation. Legal experts acknowledge the challenge of balancing protective regulation with support for technological advancement.
6. <https://www.ft.com/content/55590385-5e51-4912-a145-4d9de469824a> - The UK government has announced it will exempt overseas stablecoin issuers from having to comply with its new cryptocurrency regulations, as part of a broader strategy to enhance cooperation with the US on digital asset regulation. Chancellor Rachel Reeves unveiled the proposals, highlighting Britain's aim to lead in fintech and crypto regulation while signalling openness to business and opposition to fraud and instability. The planned rules, covering exchanges, brokers, and market practices, grant new powers to the Financial Conduct Authority. Importantly, only UK-based stablecoin issuers will need to obtain regulatory approval, offering a significant contrast to the EU's stricter requirements. Most stablecoins accessed by UK investors are issued by firms in North and Central America, such as Tether and Circle. The UK approach seeks alignment with anticipated US legislation, which also avoids mandating domestic registration for overseas issuers. Discussions between Reeves and US Treasury Secretary Scott Bessent explore expanded UK-US collaboration, including a regulatory 'sandbox' for digital securities. Legal and industry experts view the UK's move as a positive, industry-aligned step, potentially resolving existing frustrations over high rejection rates of crypto firm applications by the FCA.
7. <https://www.ft.com/content/7b883359-d60e-4097-a03c-086dc92a1454> - Olumide Osunkoya has been sentenced to four years in prison for operating a network of unregistered crypto ATMs in the UK, marking the country's first conviction of its kind. The Financial Conduct Authority (FCA) charged Osunkoya with running multiple crypto ATMs without registration, falsifying documents, and possessing criminal property between December 2021 and September 2023. Despite his guilty plea in September 2024, Osunkoya's actions were deemed deliberate and financially motivated, earning him significant profits. Crypto ATMs, which convert cash to cryptocurrency, are considered a tool for money laundering due to low traceability. Osunkoya processed over £2.5 million and generated at least £500,000 in profit through his 11 machines, operating under a fictitious name after being denied a license. The FCA emphasized the severe legal repercussions for unregistered crypto activities, underlining the importance of regulatory compliance.