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A dictionary of crypto terms



Foreword by The Right Hon Lord Vaizey of Didcot

The United Kingdom stands at a pivotal moment in the evolution of digital finance.

The opportunities before us are extraordinary, and the decisions we make now will determine whether Britain truly becomes the global hub for cryptoassets and blockchain innovation that we aspire to be.

Through my work with the Crypto and Digital Assets All Party Parliamentary Group and as a member of the House of Lords Communications and Digital Select Committee, I have witnessed first-hand the acceleration of this transformation. What was once a nascent, experimental technology has matured into a sophisticated ecosystem that is reshaping how we think about money, ownership, contracts, and economic participation itself.

However, ambition requires execution. To truly lead, we must leverage the best of British strengths—our rule of law, our financial services expertise, our technology sector, and our ability to adapt and innovate. The competition is fierce and we must set the pace.

We need to foster the deep pools of technical talent, legal expertise, and financial acumen that will power the next generation of crypto innovation.

This requires partnership between government, regulators, and industry. It requires evidence-based policymaking informed by those who understand the technology deeply. And it requires education—helping parliamentarians, regulators, business leaders, and the public understand what this technology can do and how it can be harnessed safely and effectively.

That is why this publication, the Cummings Pepperdine Cryptionary, remains such a valuable resource.

Whether you are a policymaker trying to understand the difference between exchange tokens and security tokens, a business leader evaluating opportunities, or simply someone curious about this rapidly evolving space, you will find this guide invaluable.

Read on, engage deeply, and join us in building this future. The opportunities are immense, and the stakes are high.

Let us ensure that when the history of digital finance is written, Britain's leadership is unmistakable.

Co-Chair, Crypto and Digital Assets All Party Parliamentary Group
House of Lords
January 2026

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Advanced analytics

The use of mathematical and statistical formulas and algorithmic trading to generate new information, recognise patterns in data and predict outcomes and their respective probabilities.

Algorithm

A set of computational rules to be followed in calculations and in other problem-solving exercises.

Algorithmic trading

Using a computer algorithm to trade financial instruments, with the algorithm determining the individual parameters of orders (such as whether to initiate the order, the timing, price or quality of the order and how to manage the order after its submission) and where there is limited or no human intervention.

AIFMD

The Alternative Investment Fund Managers Directive (AIFMD), an EU direction which was onshored post-Brexit and which puts in place a comprehensive framework for the regulation of alternative investment

fund managers. It generally includes those trading cryptoassets via a fund.

Anti-money laundering rules

The rules which apply to entities to prevent the exchange money or assets that were obtained criminally for money or other assets that are 'clean'. Money laundering also includes money that's used to fund terrorism, however it's obtained. The FCA is the anti-money laundering and counter-terrorist financing supervisor of UK cryptoasset businesses.

Artificial Intelligence (AI)

Information technology systems that perform functions and tasks normally requiring human intelligence. Examples of use include speech recognition/natural language processing and machine learning.

BigTech

Large, well-established technology companies which provide financial products and services or products that are very similar to financial products and can include crypto products.

BoE FinTech accelerator

A Bank of England (BoE) initiative by which the BoE partners with firms to help the BoE understand how technological innovation could impact its policy objectives, specifically financial stability. The BoE carries out proofs of concept on use cases that could enable it to function more efficiently and effectively.

Big data

The use of digital tools and information systems (such as powerful processors, software and algorithms) to generate, collect, store and process high volumes of different types of data at high velocity from different types of sources, often in real time. The FCA talks about the three "Vs": volume, variety and velocity.

Bitcoin

The first decentralised, digital currency. It uses open-source, peer-to-peer technology to operate with no central authority or banks. Instead, managing transactions and the issuing of Bitcoins is carried out collectively by the network

Blockchain

A type of database that is decentralised, distributed and self-proving, which provides a shared record of information that is maintained and updated by a network of computers rather than a central authority. It is a type of distributed ledger technology (DLT) that has a specific set of features, organising its data in a chain of blocks. Each block contains data that is verified, validated and then "chained" to the next block.

Although blockchain is a subset of DLT, through popular use, it has become a generic term for all DLT projects. Its best-known application in the financial services sector is Bitcoin.

Consensus mechanism

A method for validating entries into a distributed database and keeping the database secure. In

cryptocurrency the database is blockchain which means that the consensus mechanism secures the blockchain.

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What can we say? The leading firm for crypto, fund and investment law and regulatory issues in the United Kingdom. We're also quite good at tax and accounting. Happy to meet you here.
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Crowdfunding

A means by which individuals and businesses can raise money from the public to support a business, project, campaign or individual, usually through online platforms. The business or individual seeking financing explains the project being financed in a pitch to attract loans and investment from as many parties as possible. The FCA identifies four types of crowdfunding, of which only two (loan-based crowdfunding and investment-based crowdfunding) are regulated. The unregulated two are donation-based crowdfunding and pre-payment/rewards-based crowdfunding.

Cryptionary

This is it. Enjoy!

Cryptoassets

A broad term used by regulators and governments to refer to a cryptographically secured digital representation of value or contractual rights that use some forms of distributed ledger technology (DLT) and can be stored, transferred or traded electronically. They comprise a range of different forms, referred to by UK regulators as tokens. The term is also used more generally to distinguish digital currency and assets from fiat currency. The FCA has created a framework for categorising cryptoassets.

Cryptocurrency

A type of digital currency that uses cryptographic encryption to validate and secure transactions.

Major cryptocurrencies include Bitcoin (the first decentralised cryptocurrency), Ethereum, Litecoin and Ripple. Cryptocurrencies are sometimes unregulated tokens.

Cryptoasset exchange providers

These are firms which exchange, arrange or make arrangements (whether automated or otherwise) for the exchange of money (i.e. fiat currency) and cryptoassets; or one cryptoasset for another. They need to be registered with the FCA for this business.

Custodian wallet providers

These are firms that provide services to safeguard, or to safeguard and administer: cryptoassets or private cryptographic keys on behalf of its customers, or which hold, store and transfer cryptoassets. They need to be registered with the FCA for this business.

DAO

Meaning Decentralized Autonomous Organization, a DAO is an automated and decentralized organization which is unaffiliated with any particular nation-state and runs on blockchain and smart contracts. Generally, it may manage open source, blockchain-based projects or make crypto investments.

Decentralised finance (DeFi)

DeFi refers to an automated form of traditional financial products and services that operates using digital smart contract which are built on the blockchain. Accessible to anyone with an internet connection, DeFi platforms use decentralised apps which are not controlled by a central authority ("dapps") to enable transactions between DeFi participants without the need for a centralised financial intermediary (ie a broker, exchange or bank).

Digital currency

Also known as virtual currency. A digital representation of value exists electronically and

functions as a medium of exchange, a unit of account and a store of value. They are not issued or backed by government or other public authority (unlike fiat currency) but are issued and usually controlled by their developers and used and accepted among the members of a specific virtual community as a means of payment that can be transferred, stored or traded electronically. Digital currencies include credits for computer games used as a medium of exchange within the computer games where these are issued, as well as e-money and cryptocurrency. Although initially designed to be used to make payments, many are now held as speculative assets by investors.

Digital sandbox

A controlled, supervised space that provides successful applicants with access to a range of high-quality synthetic data assets to test and develop their propositions and a focused ecosystem to accelerate early-stage development. The FCA launched a digital sandbox to support products and services at earlier stages of development.

Disruptive FinTech

Novel and more radical innovations in technology that aim to disrupt established financial services markets and the business models of entities operating in these markets or establish new markets for financial products and services. The opposite of non-disruptive FinTech, obvs.

Distributed ledger technology (DLT)

A publicly available electronic medium of exchange that features a permissionless distributed ledger where all participants can read everything, but no single user controls the ability to write anything and a decentralised system for exchanging value. Blockchain is one type of distributed ledger that organises data into blocks that are chained together in an append-only mode and all cryptoassets utilise various forms of DLT (blockchain or other).

Double-spend

The risk that a digital currency can be spent twice because digital information can be reproduced, which is in contrast to physical money. Many saw potential in Bitcoin as it solved this problem.

E-money tokens

Any token that satisfies the definition of e-money in regulation 2(1) of, and are not otherwise excluded under, the Electronic Money Regulations 2011 (SI 2011/99) (EMRs). Firms must ensure they are properly authorised and have the correct permissions under the Financial Services and Markets Act 2000 (FSMA) to carry on activities involving e-money tokens.

Exchange tokens

Tokens that are not issued or backed by any central authority and are intended and designed to be used as a means of exchange. Usually, a decentralised tool for buying and selling goods and services without

traditional intermediaries. They may fall outside the FCA's regulatory perimeter.

FCA

The Financial Conduct Authority of the United Kingdom. The FCA is the conduct regulator for financial services firms and financial markets in the UK. It is also the anti-money laundering and counter-terrorist financing supervisor of UK cryptoasset businesses.

FCA Innovate

Launched in 2014, this is an initiative of the FCA as an innovation facilitator aimed to promote competition in the interest of consumers, help new and established businesses (both regulated and non-regulated) tackle regulatory barriers and introduce innovative financial products to the market. Innovate support and services has multiple strands such as the regulatory sandbox and the digital sandbox.

Fiat currency

Also known as fiat money. Money that a government has issued and declared to be legal tender, but which is not backed by a physical commodity such as gold (which means that its value is not derived from the material from which it is made).

Fifth Anti-Money Laundering Directive (5AMLD)

EU legislation which applies in the UK, this directive brought certain cryptoassets within its remit, with the FCA as the UK's regulatory body. Specifically, providers of exchange services between virtual currencies and fiat currencies (i.e. platforms used to exchange money for cryptocurrency) as well as custodian wallet providers are within its remit and those providing these services must be registered with the FCA.

FinTech

An umbrella term describing technology-enabled innovation in financial services, regardless of

the nature or size of the entity providing the services, that could result in new business models, applications, processes and products.

Fork

A fork in the blocks of data which form a blockchain, a fork happens when a community makes a change to the blockchain's protocol. The chain forks, producing a second blockchain that shares all of its history with the original, but sets off in a new direction.

FSMA

The Financial Services and Markets Act 2000. The primary piece of financial services legislation in the United Kingdom, it also created the FCA as the UK's regulator for insurance, investment business and banking and the Financial Ombudsman Service to resolve disputes as a free alternative to the courts.

Gaming guilds

Part of GameFi, gaming guilds provide gamers with the necessary funds and tools to participate in blockchain-based online games a “pay-to-win” model and thus provide gamers in exchange for a cut of players’ earnings.

Global Financial Innovation Network (GFIN)

Formally launched in January 2019, an international group of financial regulators and related organisations, which includes the FCA and whose objective is to create a new framework for co-operation between financial services regulators on innovation related topics, sharing different experiences and approaches.

Immutability

Unchangeable and so a key feature of blockchain technology. Immutable transactions make it impossible for any entity to manipulate, replace, or falsify data stored on a blockchain network.

Initial coin offering (ICO)

Also known as a token sale or a coin sale (see Tokens). A digital way of raising finance online from the public using digital currency and DLT. The issuer issues a proprietary digital coin or token against payment in a cryptocurrency, like Bitcoin or Ether. The digital coin or token issued is related to a specific firm or project. It may represent a share in a firm, a pre-payment voucher for future services or have no discernible value at all. ICOs vary widely in design and types and are often projects that are in a very early stage of development.

Innovation hub

An institutional arrangement in which both regulated and unregulated entities engage with the competent authority to discuss FinTech-related issues and clarify how their proposed or actual business models comply with the regulatory framework in place. The

FCA provides direct support to business through its Innovation Hub.

Machine learning

The ability of computers to learn without being explicitly programmed, instead learning patterns from experience, for example, by recognising patterns from many examples of data.

Managed account

A portfolio account opened with a financial institution that is owned by one investor who then appoints a third party to manage the assets within it in accordance with a set investment strategy. The assets of a managed account are not co-mingled but remain those of the investor.

MiCA

Short for “Regulation in Markets in Crypto Assets”, this is draft EU legislation which is intended to provide an EU-wide set of rules for cryptoassets and activities in cryptoassets.

MiFID

UK legislation and rules regulating markets in financial instruments (UK MiFID framework) which apply to firms providing services to clients linked to ‘financial instruments’ (generally: shares, bonds, units in collective investment schemes and financial and commodity derivatives) and the venues where those instruments are traded. Originally an EU direction, Markets in Financial Instruments Directive (2004/39/EC).

Mining

The process by which new cryptoassets enter circulation and new transactions are confirmed by the network. It is performed using sophisticated hardware that solves a complex computational maths problem. When a problem is solved, the miner is awarded the next block of cryptoassets, and the process recommences with a trickier problem.

Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

As amended, the MLRs include the requirement to be registered with the FCA in order to continue to carry on business. Cryptoasset businesses which trade in the UK must be registered with the FCA before beginning to conduct business.

Natural language processing

An interdisciplinary field of computer science, artificial intelligence (AI) and computation linguistics that focuses on programming computers and algorithms to analyse, process and understand human language.

Non-disruptive FinTech

FinTech products or services that trigger incremental innovation and increase efficiency in established and often mature sectors of the financial services industry. The opposite of disruptive FinTech.

Non-fungible tokens (NFTs)

These are cryptoassets that represent the proof of title to a unique digital asset. They are digital tokens that are the equivalent of certificates of ownership for virtual (and sometimes physical) assets, such as works of art, collectibles or music.

Open banking

A framework to allow banking customers to provide access to their banking data and accounts to trusted third party financial services providers (typically tech startups and online financial service vendors) through application programming interfaces (APIs).

Peer-to-peer agreement

Also known as P2P agreement. An agreement under section 36H(4) of RAO, where a lender (an individual or relevant person) provides credit to a borrower (an individual or relevant person) for an amount less than or equal to £25,000, and the agreement

is not entered into by the borrower wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the borrower.

Proof of concept

A demonstration intended to verify the potential of certain concepts or theories for real-world application and could be commercialised.

Proof of stake

A cryptocurrency consensus mechanism for processing transactions and creating new blocks in a blockchain.

Proof of Work

A system that requires a feasible amount of effort in order to deter frivolous or malicious uses of computing power.

Public and private keys

The public key is comprised of a string of random numbers and can be used to encrypt a message, which only the intended recipient can decipher and read by using the associated private key, which is also made of a long string of random numbers. This private key is a secret key and must remain known only to the recipient. The key pair is mathematically related so that whatever is encrypted with a public or private key can only be decrypted by its corresponding counterpart.

RAO

The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 No. 54. Among other things, the RAO sets out the activities and types of investments which fall within the FCA's regulatory perimeter.

RegTech

The adoption and use of technology by regulated financial services firms and other market participants to help them follow and meet regulatory and compliance requirements, such as reporting,

more efficiently or effectively than established legacy systems.

Regulated tokens

In the UK, tokens that fall into the category of security tokens or e-money tokens.

Regulatory perimeter

The regulatory perimeter describes the boundary that separates financial services activities which are regulated in the United Kingdom, generally by the FCA, from those which are unregulated.

Regulatory sandbox

A controlled, supervised space within which both authorised and unauthorised financial firms can test innovative products, services, business models and delivery mechanisms in the real market, with real consumers, with the support of a regulatory authority for a limited time. It offers tools such as restricted authorisation, individual guidance, waivers and no-enforcement-action letters.

Robo-advisors

Information technology applications that underpin automated advice models. Robo-advisors combine digital interfaces and algorithmic trading, including machine learning models, to provide a range of financial services advice. This may include automated financial recommendations, contract brokering and portfolio management. Robo-advisors can be standalone firms and platforms or in-house applications run by incumbent financial institutions.

SAFT

A simple agreement for future tokens, it's all in the name. It is a contractual investment agreement in cryptoassets between crypto developers and their investors whereby the developers seek to raise funds to further develop their cryptoasset and then sell.

Security tokens

Tokens with specific characteristics that give the token holder rights akin to those provided by

“specified investment” in the UK, like a share or a debt instrument as set out in the RAO. They must reach the RAO definition of specified investment. Security tokens fall within the regulatory perimeter and firms carrying on “specified activities” involving security tokens will need to ensure they are properly authorised and have the correct permissions under FSMA and comply with relevant rules and requirements.

Smart contract

A self-executing contract (created using blockchain or other Distributed Ledger Technology (DLT)) where the terms of the agreement between the parties are written into code that exists across a distributed, decentralised blockchain network. The terms of the contract are then executed and enforced on the occurrence of specified events in the contract, which can trigger financial flows or changes of ownership, without the need for further action by the parties. The software can also be used to make and execute chains or bundles of contracts linked to each other, all operating autonomously and automatically.

Stablecoin

A hybrid breed of cryptocurrency that is often pegged to real assets (including fiat currency). Algorithmic stablecoins do not back assets but instead rely on mathematical rules to adjust their supply to match the demand for them. The algorithms will create or destroy stablecoins, with the aim of automatically stabilising their price against some other, typically fiat, currency. In the UK, stablecoins will only be regulated under FSMA if they meet the definition of e-money under the EMRs or security tokens

Staking

The process of verifying cryptocurrency transactions which involves committing holdings to support a blockchain network and confirm the transactions and thus allows participants to earn passive income on their holdings.

SupTech

The use of technologically enabled innovation by regulatory authorities in their role as supervisor of financial services firms.

TechSprints

Events that allow regulators to gather participants from across the financial services industry and beyond to develop ideas and discuss challenges. Participants in FCA TechSprints include large financial services institutions, RegTechs, FinTechs, academics, technologists and innovators. Also referred to by the FCA as “hackathons”.

Tokens

In the UK, the term used to denote different forms of cryptoassets, which may be regulated tokens or unregulated tokens. These are categorised as exchange tokens, e-money tokens, security tokens and utility tokens.

Unregulated tokens

Any token that is not an e-money token or a security token. This includes utility tokens and exchange tokens. These tokens fall outside the regulatory perimeter.

Utility tokens

Tokens that grant holders access to a current or prospective product or service, but do not grant holders rights that are the same as those granted by specified investments. They fall outside the regulatory perimeter under FSMA. Utility tokens that meet the definition of e-money fall within the e-money tokens category.

Virtual currency

See Digital currency.

Virtual wallet

Also known as a digital wallet. A virtual currency account (equivalent to a bank or payment institution offering a payment account) from which payment in virtual currencies can be made or received to and from other wallets.

Virtual currency exchange platform

Providers engaged primarily and professionally in exchange services between digital currency and fiat currency (see Article 1(1) of the Fifth Money Laundering Directive ((EU) 2018/843) (MLD5)).

Next Steps

Ready to explore how our expertise can help build your business? Reach out today—our team is standing by to craft solutions tailored specifically for your needs.

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