Making a cryptoasset application

Introduction

From September 30th 2026 to February 28th 2027, UK cryptoasset firm applications for full FCA authorisation will officially open. All firms aiming for day-one authorisation must submit their applications within this window and must be made online through the FCA's dedicated gateway.

Submitted applications will be reviewed in the order received, and the FCA has said it expects to determine them before the regime goes live. However, per Section 53 of the FSMA 2000 (Cryptoassets) Regulations 2025, a saving provision allows firms already trading to keep operating if a decision remains pending at commencement.

But firms shouldn't wait until the window opens to start preparing. The FCA has been running a Pre-Application Support Service (PASS), expected to open in July 2026, intended to help firms stress-test their readiness before they file. Such meetings aren't mandatory, but are strongly encouraged, alongside the provision of well-informed legal advice.

How to apply

Who needs to apply?

Everyone. Even firms already registered under the Money Laundering Regulations will need to secure full FSMA authorisation as existing AML registration does not automatically convert. Firms already authorised by the FCA for other regulated activities will instead need to vary their existing permissions to add the relevant cryptoasset activities.

What do you need?

The supporting forms and documents which must be completed and submitted as part of the application include the following:

- A Regulatory Business Plan containing a comprehensive summary of your proposed business, typically containing a comprehensive description of the cryptoasset and non-cryptoasset products and services offered, a clear and detailed description of your target customer base and its size, as well as realistic financial information and details of your firm's fee structure(s).

- A fully documented anti-money laundering (AML), counter terrorist financing (CTF) and counter proliferation financing (CPF) framework, showing how you will comply with the MLRs, including at least a Business-Wide Risk Assessment, Customer Risk Assessment(s), a full suite of policies that will ensure compliance with the MLRs, a full suite of operational procedures that implement your policies, and complete information on your outsourcing arrangements.
- A Business-Wide Risk Assessment as required under Regulations 18 and 18A of the MLRs.
- A Customer Risk Assessment, providing a risk rating outcome that drives the level of due diligence that you will apply. This must be aligned with the BWRA described above.
- Policies and procedures covering all MLR obligations, including Customer Due Diligence, Enhanced Due Diligence, Politically Exposed Persons and Sanctions screening.
- Training material.
- Suspicious Activity Reporting, including a reference to the circumstances where you may need to consider a Defence Against Money Laundering (DAML) or Defence Against Terrorist Financing (DATF).
- Evidence of adequate and current sanctions-specific controls within your control framework.

A word of warning on timing

The FCA intends to close the application window on 28th February 2027, long before the regime commences on 25th October 2027. This means that firms that miss the window, or submit late, will not be guaranteed the same protection. The FCA has been clear that it will not expedite assessment of applications submitted after the application period has closed, and firms that have not applied at all by commencement will generally be prohibited form carrying on regulated cryptoasset activities until authorisation is granted. Given the FCA's tendency to treat first-cut applications as incomplete, building in time for at least one round of follow-up queries is essential.

The process

Once a firm submits its application through the gateway, the FCA will allocate a case officer, who may ask for additional information or clarification at any stage.

Applications submitted during the aforementioned application period will be assessed in the order in which they are received, so early submission within this window is imperative, both in terms of queue position and for maximising the time available to respond to follow-up queries before the regime commences on 25 October 2027.

For the cryptoasset regime, the FCA has indicated that it expects firms to be "ready and willing" with a "credible plan" to be organised, rather than necessarily fully operational in every respect at the point of submission. Whilst a modest concession to the compressed timetable, this is not an invitation to submit an incomplete application.

The FCA will also assess whether the applicant can meet, and continue to meet, the relevant threshold conditions. For cryptoasset firms, this will involve close scrutiny of:

- the firm's business model and the specific regulated activities it intends to carry on (trading platform operation, custody, intermediation, staking, stablecoin issuance and so on);

- capital and liquidity, including the FCA's tailored, though still substantive, prudential requirements for cryptoasset and stablecoin firms;
- governance, ownership and management structure, including fitness and proprietary of controllers and senior management;
- system and controls, with particular emphasis on operational resilience and IT arrangements given the reliance on distributed ledger technology; and
- financial crime controls, market conduct and client asset protections.

Firms already registered under MLR should not assume this counts for much here. The FCA has been explicit that MLR registration does not convert into FSMA authorisation and gives only limited comfort – existing AML systems and controls may help demonstrate parts of a case, but a full authorisation application still needs to be built from scratch alongside it.

What happens next depends on timing. If a firm applies within the application period and the FCA has not reached a decision by 25 October 2027, a saving provision allows firms already providing cryptoasset services in the UK to continue operating, and to take on new business, until a decision is made. Firms that apply outside the application period, or not at all, do not benefit from the same protection: late applications will not be expedited, and firms without authorisation by commencement will generally be prohibited from carrying on regulated cryptoasset activities, subject to more limited transitional arrangements for pre-existing contracts only.

If the FCA grants the application, it will confirm authorisation and issue a scope of permission notice, setting out which cryptoasset activities the firm may carry on and any requirements or limitations attached. As ever, the FCA can refuse an application, or invite a firm to withdraw before refusal. Given the compressed and closely watched nature of this first application window, we would expect scrutiny to be, if anything, sharper than usual.

A final word

Applying for cryptoasset authorisation is new territory, for firms, and, in many respects, for the FCA itself. Firms should be cautious and would be remiss to do this alone or leave it late. The application window is short, relative to the scale of preparation required, and, unlike a conventional FCA application, there is no ability to simply wait and apply closer to commencement, where some eight months extend from the closing date and the regime taking effect.

Firms should use the time before the window opens productively: reviewing which cryptoasset activities they intend to carry on and the permissions this requires, carrying out a genuine gap analysis against the FCA's expected requirements, and agreeing a realistic, board-level implementation plan. The FCA's Pre-Application Support Service, expected to open in July 2026, is available to stress-test that plan before committing it to a formal application. Though, firms looking for a serious, successful application will source reliable legal advice.

Whether you are a firm already registered under MLR, an FSMA-authorised firm looking to vary your permissions, or a new entrant altogether, the message is the same: start early, get the governance and controls genuinely embedded rather than merely documented, and get proper advice. Given the FCA's well-established habit of finding something to get its teeth into, and the unusually hard deadline attached to this particular gateway, that advice is likely to matter more here than in most authorisation processes.

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.

info@cummingspepperdine.com
+44 2030 623 340
www.cummingspepperdine.com