

# The Distributed Ledger

## Blockchain, Digital Assets and Smart Contracts

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If you have any questions regarding the matters discussed in this memorandum, please contact the following attorneys or call your regular Skadden contact.

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## Crypto Update: UK Government Outlines Its Approach to Digital Asset Regulation

In her first comments since the July 2024 UK general election, Economic Secretary to the UK Treasury Tulip Siddiq MP delivered a [speech at the Tokenisation Summit](#) on 21 November 2024 that outlined the recently elected UK government's approach to digital asset regulation. In her address, Secretary Siddiq highlighted the government's commitment to fostering innovation in the financial services sector, offering insight into proposals and timing with regard to the government's planned crypto regulation. The details of her speech are outlined below.

### Cryptoassets Regulation

The government is standing by previous proposals to create new regulated activities for cryptoassets, including for the operation of a cryptoasset trading platform, as well as an extension of the market abuse rules. The government expects to engage firms on draft legal provisions "as early as possible" in 2025 and, accordingly, the Financial Conduct Authority (FCA) has published their "[Crypto Roadmap](#)" (discussed further below). If followed, the roadmap notes that the new crypto (and stablecoin, discussed more below) regime would go into effect sometime in 2026.

### Stablecoins Regulation

In addition to the above, the government intends to introduce new regulated activities for stablecoins, which will be implemented alongside the broader regulatory regime for cryptoassets. The regulation will ensure that the FCA can manage stablecoin-specific risks, particularly those associated with the management of backing assets. However, the government does not intend to bring stablecoins into UK payments regulation, indicating that doing so would impose disproportionate regulatory burden based on current use cases.

### Cryptoasset Staking Services

Secretary Siddiq addressed the uncertainty over whether cryptoasset staking services constitute a Collective Investment Scheme under existing financial services law, which has impacted the provision of these services in the UK. The government intends to remove this uncertainty in the forthcoming cryptoasset regulatory regime; staking services will be permitted and legislation will explicitly state that such services will not be considered Collective Investment Schemes.

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### FCA's 'Crypto Roadmap' and Consumer Research

On 26 November 2024, shortly after Secretary Siddiq's speech was made public, the FCA published a "Crypto Roadmap" of key dates for the development and introduction of the UK's cryptoasset regime. The roadmap sets out a series of consultations focused on different aspects of the future regulatory regime to be held over the course of 2025 and during the first quarter of 2026, with the final rules published in 2026. The roadmap was published together with the FCA's [fifth piece of research](#) on consumer attitudes and behaviours toward cryptoassets. The research shows a continued rise in people in the UK that are aware of crypto (now up to 93%) and continued growth of cryptoassets ownership (now up to 12%), highlighting the need for clear regulation.

### Next Steps

Crypto firms will welcome the clarity on the UK crypto and stablecoin regime — particularly the acknowledgement that UK-centric issues around staking will be addressed. Firms looking to operate under the UK's new regimes will need to ensure they allocate resources in 2025 to offering input on the FCA's proposals and prepare to conduct business under a potentially regulated environment in the UK in 2026. We will continue to monitor these developments in the coming months.