

UK regulator extends anti-money laundering deadline for crypto trading

Article

The Financial Conduct Authority (FCA) extended the Temporary Registrations Regime (TRR) from July 9, 2021, to March 31, 2022, [per](#) its press release. The regime lets fintechs that offer

crypto services operate while the FCA assesses whether they meet national anti-money laundering (AML) standards and can be fully registered or must be shut down.

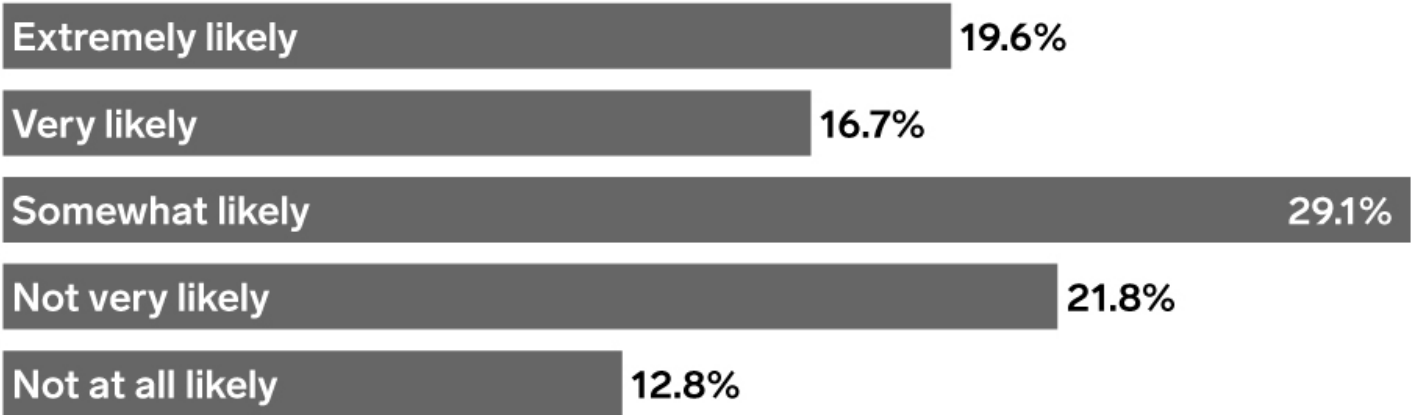
Most fintechs operating in the country are struggling to meet crypto AML requirements, which could erode consumer trust. Just [five](#) exchanges have been fully registered since the FCA launched the process in January 2020. [Dozens](#) are still only approved under the temporary regime, and a whopping [51](#) have given up entirely and can no longer operate in the UK. The lack of fully authorized firms suggests most are struggling to comply with AML requirements, giving an advantage to the five registered exchanges to promote confidence among consumers. Crypto exchange Gemini, for example, is registered, while its [larger](#) peers by trading volume, Kraken and Bitstamp, remain under the TRR—with the clock ticking. The extension will likely encourage more crypto firms to integrate third-party regtech solutions to boost their chances of meeting the FCA's expectations before the new deadline. Neobank Revolut, for example, which still has temporary registration, [adopted](#) Elliptic's crypto compliance software last month.

The extension highlights the FCA's classic pragmatism in helping market players adapt to requirements based on new fintech services but also heralds more scrutiny.

- **This isn't the first time the FCA has been flexible.** Last month (and for the second time), the regulator [extended](#) its deadline for firms to comply with Strong Customer Authentication (SCA) requirements in ecommerce transactions. Just as the SCA extension gave market players more time and support to adjust to new requirements from payment innovation, the TRR extension helps firms adapt to AML standards based on investment innovation—cryptocurrencies.
- **And its crypto registration process is part of a wider [plan](#) to protect consumers from investment harm.** The regulator has identified cryptos as a higher-risk investment that is increasingly popular among retail investors. Fintechs that offer or wish to add crypto trading services to capitalize on this hype should therefore be aware of a growing compliance burden—the AML standards are likely just the first step in closer regulatory scrutiny to make the sector safer.

Likelihood of Investing in Cryptocurrency in 2021 According to Mobile Phone Users in Great Britain and US, March 2021

% of respondents



Note: n=4,514
Source: Measure Protocol, March 26, 2021