

Crypto exchange Binance hit by UK regulatory ban

Article

The news: The UK's **Financial Conduct Authority (FCA)** banned **Binance** from carrying out regulated activities in the country, [per](#) a press release that did not provide a further explanation for the ban.

Zooming in on UK crypto regulations: Crypto trading is not directly regulated in the UK for now, so Binance can continue those operations. But market participants are required to have FCA authorization for derivatives like futures contracts and have until **March 31, 2022**, to [comply](#) with anti-money laundering (AML) requirements or face being shut down.

What the FCA ruling means for Binance: This is a blow to Binance's UK operations that, when coupled with difficulties abroad, could significantly hinder Binance's global user acquisition.

While users can still trade assets other than derivatives on Binance, they have no legal protection or recourse should something go wrong or if the exchange were to shut down. And now that Binance must display a **notice** on its exchange and social media accounts by **June 30** stating that it's not permitted to undertake regulated activities in the UK, some users will likely be deterred from using the platform.

Over the weekend, Binance was also forced to draw down operations in **Ontario** by year's end and received a warning in **Japan** for failing to register with the regulator—which could spell further bans in more countries down the line.

The bigger picture: The FCA's crackdown is a sign crypto firms need to tighten up compliance or risk putting off new users in the rapidly growing market.

2.3 million UK adults now hold crypto assets, up from **1.9 million** last year. Attracting the new users comes down to their reputation as legitimate platforms, as the space has to deal with a lack of regulatory oversight and headlines regularly linking cryptos with criminal activity: Just last week, UK authorities seized **£114 million** (\$146.2 million) in cryptocurrencies used for money laundering.

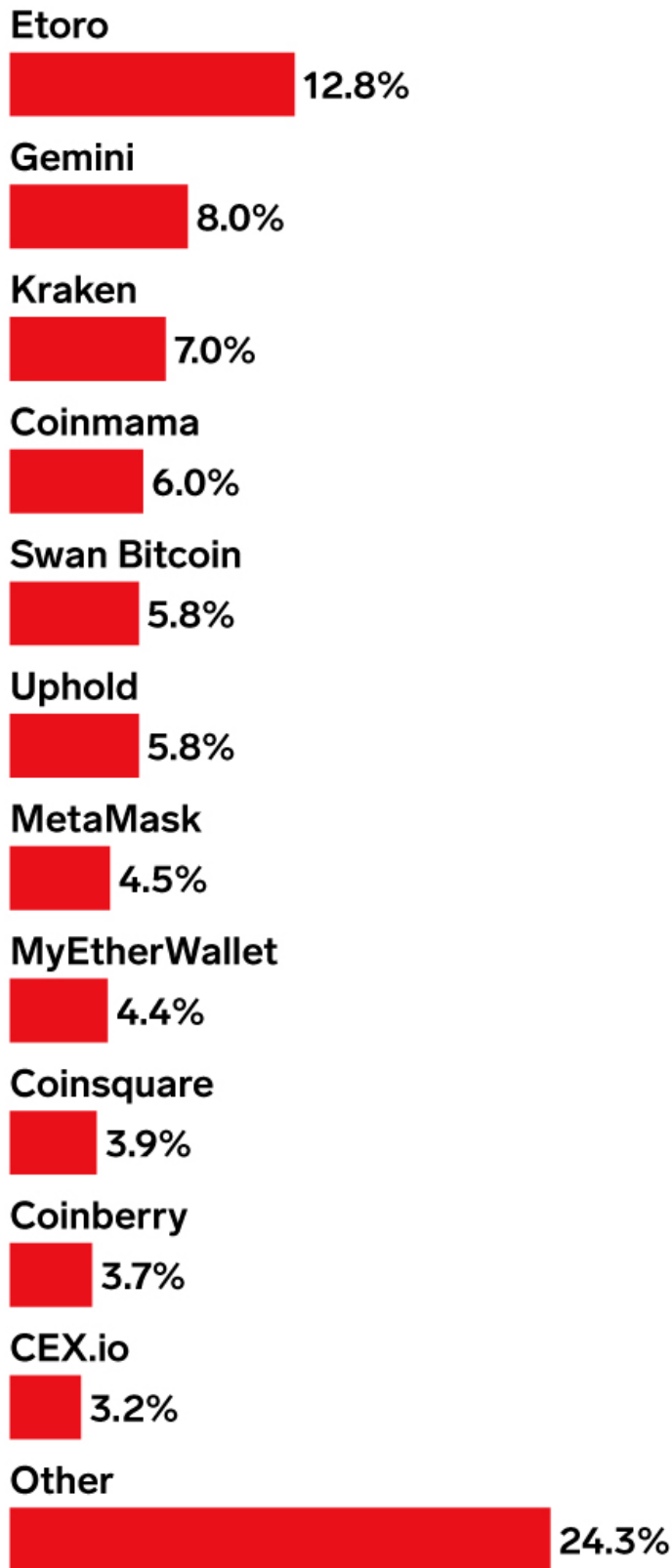
This will likely push new adopters to more regulated platforms where they can feel safer experimenting with the new asset class. **Coinbase** and **Gemini**, for example, are two of the most **popular** platforms for buying cryptos in the US and UK. Coinbase has enjoyed heightened legitimacy since **listing** on the Nasdaq, and Gemini is one of just **five** crypto market players registered under the FCA's AML regime.

Platforms Used to Buy Cryptocurrencies According to Mobile Phone Users in Great Britain and US, March 2021

% of respondents

Coinbase





Source: Measure Protocol, March 26, 2021

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