



**WFE Response to FCA CP25/16: Quarterly consultation paper
No. 48**

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Response

The World Federation of Exchanges (WFE) welcomes the FCA's recent steps towards revisiting the regulatory approach to cryptoasset-related financial instruments, specifically the consultation on the potential repeal of the ban on crypto Exchange Traded Notes (ETNs) for retail investors.

As noted in [our response](#) to FCA DP25/1 – Regulating Cryptoasset Activities, the WFE is broadly supportive of the FCA's intent to regulate crypto-asset activities in line with International Organization of Securities Commissions (IOSCO) recommendations. We support the development of technology-neutral and outcomes-based regulation, and the principles of 'same risk, same regulation'. This ensures market integrity, investor protection, and a level playing field between traditional and crypto markets.

Nevertheless, we continue to find the 2020 ban on the sale of crypto-derivatives to retail investors inconsistent with these principles and with the UK Government's evolving stance on the suitability of cryptoassets for retail consumers. Retail investors are currently precluded from accessing products listed on regulated, public, and lit markets—leaving them exposed to unregulated and potentially unsafe platforms.

We therefore recommend the following:

1. **Full repeal of the 2020 ban on the sale of crypto-derivatives and ETNs to retail investors.** Retail participants should be allowed to access these instruments via regulated venues, which offer transparency, robust surveillance, and investor protections not available on unregulated platforms.
2. **Applicability to all recognised overseas investment exchanges (ROIEs).** The repeal should not be limited to products listed on UK venues alone. ETNs and derivatives listed on all ROIEs—where regulatory standards are commensurate—should also be permitted, to ensure consistency, support international market access, and prevent fragmentation.

Background

Established in 1961, the WFE is the global industry association for exchanges and clearing houses. Headquartered in London, it represents the providers of over 250 pieces of market infrastructure, including standalone CCPs that are not part of exchange groups. Of our members, 36% are in Asia Pacific, 43% in EMEA and 21% in the Americas. The WFE's 87 member CCPs and clearing services collectively ensure that risk takers post some \$1.3 trillion (equivalent) of resources to back their positions, in the form of initial margin and default fund requirements. The exchanges covered by WFE data are home to over 55,000 listed companies, and the market capitalization of these entities is over \$111tr; around \$124tr in trading annually passes through WFE members (at end-2023).

The WFE is the definitive source for exchange-traded statistics and publishes over 350 market data indicators. Its free statistics database stretches back more than 40 years and provides information and insight into developments on global exchanges. The WFE works with standard-setters, policy makers, regulators and government organisations around the world to support and promote the development of fair, transparent, stable and efficient markets. The WFE shares regulatory authorities' goals of ensuring the safety and soundness of the global financial system.

With extensive experience of developing and enforcing high standards of conduct, the WFE and its members support an orderly, secure, fair and transparent environment for investors; for companies that raise capital; and for all who deal with financial risk. We seek outcomes that maximise the common good, consumer confidence and economic growth. And we engage with policy makers and regulators in an open, collaborative way, reflecting the central, public role that exchanges and CCPs play in a globally integrated financial system.

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If you have any further questions, or wish to follow-up on our contribution, the WFE remains at your disposal. Please contact:

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