CRYPTOASSETS (INTERMEDIARIES) INSTRUMENT 2026

Powers exercised

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of the powers and related provisions in or under:

(1) the following sections of the Financial Services and Markets Act 2000 ("the Act"):

(a) section 137A (The FCA's general rules);
(b) section 137T (General supplementary powers); and
(c) section 139A (Power of the FCA to give guidance); and

(2) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA's Handbook.

B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument is one of a series of instruments which introduce or amend provisions of the Handbook relating to cryptoassets. These instruments all come into force on 25 October 2027, immediately after one another, in the following order:

(1) Glossary (Cryptoassets) Instrument 2026;
(2) Cryptoassets (Stablecoins) Instrument 2026;
(3) Cryptoassets (Admission of Qualifying Cryptoassets to Trading and Offers of Qualifying Cryptoassets to the Public) Instrument 2026;
(4) Cryptoassets (Market Abuse) Instrument 2026;
(5) Cryptoassets (Intermediaries) Instrument 2026;
(6) Cryptoassets (Trading Platforms, Transparency and Records) Instrument 2026;
(7) Cryptoassets (Lending, Borrowing and Staking) Instrument 2026;
(8) Cryptoassets (Safeguarding) Instrument 2026;
(9) Cryptoassets (Client Assets Consequentials) Instrument 2026;
(10) Cryptoassets (Conduct and Firm Standards) Instrument 2026; and
(11) Cryptoassets (COREPRU and CRYPTOPRU) Instrument 2026.

Amendments to the Handbook

D. The Cryptoassets sourcebook (CRYPTO) is amended in accordance with the Annex to this instrument.

Citation

E. This instrument may be cited as the Cryptoassets (Intermediaries) Instrument 2026.

By order of the Board
25 June 2026

Annex

Amendments to the Cryptoassets sourcebook (CRYPTO)

In this Annex, all text is new and is not underlined.

Insert the following new chapter, CRYPTO 5, after CRYPTO 4 (Cryptoasset market abuse).

5 Execution and orders

5.1 Application

General application

5.1.1 R This chapter applies to a *firm*:

(1) *dealing in qualifying cryptoassets as principal*;

(2) *dealing in qualifying cryptoassets as agent*; and

(3) *arranging deals in qualifying cryptoassets*.

5.1.2 R *CRYPTO* 5.8 applies to a *firm* carrying out *qualifying cryptoasset activities* except a *firm* which only carries out the *regulated activity* of *issuing a qualifying stablecoin*.

5.1.3 G Certain provisions in this chapter require *firms* to provide *clients* with information 'in good time'. *Guidance* on the provision of information 'in good time' can be found in *COBS* 1.4.2G.

5.1.4 R This chapter does not apply to a *firm* in relation to its *eligible counterparty business*.

5.1.5 R This chapter does not apply to *redemption* of a *UK qualifying stablecoin* where such *redemption* is undertaken by a third party appointed in accordance with *CRYPTO* 2.

5.2 Execution venues for retail clients

5.2.1 R This section applies where a *firm* is:

(1) executing orders; or

(2) *arranging deals in qualifying cryptoassets*,

for a *retail client* or *elective professional client* who is not an *overseas retail client* or *overseas elective professional client*.

Firm obligations

5.2.2 R A *firm* must ensure that, when executing orders or receiving and transmitting orders for execution for a *client*, the order is executed on a *UK qualifying cryptoasset execution venue*.

5.2.3 R Where a *firm* is otherwise *arranging deals in qualifying cryptoassets*, it must take all reasonable steps to ensure that the arrangements it provides only result in a *client's* order to be executed on a *UK qualifying cryptoasset execution venue*.

5.2.4 G (1) The *rule* in *CRYPTO* 5.2.3R applies to *firms* which are *arranging deals in qualifying cryptoassets* for a *retail client* where multiple *firms* may be providing arrangements.

(2) Where there are multiple *firms* involved in providing arrangements for a *retail client's* order to be executed, *CRYPTO* 5.2.3R requires each *firm* to take all reasonable steps to ensure that the arrangements it provides only result in a *client's* order being executed on a *UK qualifying cryptoasset execution venue*.

5.2.5 G (1) Where a *firm* executes *client* orders on a matched principal basis, the *firm* is not deemed to be a *qualifying cryptoasset execution venue* when only acting in that capacity to execute the orders.

(2) However, where a *firm* otherwise acts in the capacity of *principal* when executing *client* orders, it should be considered as the *qualifying cryptoasset execution venue*.

5.2.6 R Where a *firm* (A) is *dealing in qualifying cryptoassets as principal* and executes orders for *clients*, it must not systematically or predominantly source liquidity from a *QCATP* where the operator of that *QCATP*:

(1) is not *authorised* as a *UK QCATP operator*; and

(2) is in the same *group* as A.

5.2.7 R A *firm* must make and retain written records of how it continues to satisfy itself that it fulfils the requirements in this section.

5.3 Admission to trading requirement for intermediaries offering services

Admission to trading requirements for qualifying cryptoassets

5.3.1 R This section applies where a *firm* is:

(1) *dealing in qualifying cryptoassets (as principal or agent)*; or

(2) *arranging deals in qualifying cryptoassets*,

for, or with, a *retail client* who is not an *overseas retail client*.

5.3.2 R A *firm* must not *deal* in *qualifying cryptoassets* or *arrange deals in qualifying cryptoassets* for or with a *client* unless either of the following conditions are met:

(1)

(a) the *qualifying cryptoasset* is available to be traded by *retail clients* on a *UK QCATP* and is *admitted to trading* on a *retail UK QCATP* in compliance with *CRYPTO* 3;

(b) the *UK QCATP operator* has made available the *QCDD* and (where relevant) *supplementary disclosure document* for the *qualifying cryptoasset* in accordance with *CRYPTO* 3; and

(c) the *qualifying cryptoasset* has not been withdrawn from trading on all *UK QCATPs*; or

(2) the *firm* is *arranging deals in qualifying cryptoassets* and:

(a) arranges the sale of a *qualifying cryptoasset* offered on condition that the *qualifying cryptoasset*:

(i) will be available to be traded by *retail clients*; and

(ii) will be *admitted to trading* on a *retail UK QCATP*; and

(b) the *UK QCATP* has made available the *QCDD* and (where relevant) *supplementary disclosure document* for the *qualifying cryptoasset* in accordance with *CRYPTO* 3.

5.3.3 R *CRYPTO* 5.3.2R does not apply to *UK qualifying stablecoins*.

5.3.4 G Where a *firm* offers a trading pair of *qualifying cryptoassets*, either of the conditions in *CRYPTO* 5.3.2R must be fulfilled for both *qualifying cryptoassets* unless the *rule* in *CRYPTO* 5.3.6R applies.

5.3.5 G The *rule* in *CRYPTO* 5.3.6R sets out an exclusion to the *rule* in *CRYPTO* 5.3.2R.

5.3.6 R Where a *qualifying cryptoasset* which had been *admitted to trading* has been withdrawn from trading on all *retail UK QCATPs*, a *firm* may purchase the *qualifying cryptoasset* from a *client* or arrange for a *client* to *sell* their *qualifying cryptoassets* to another *person* except to a *retail client*.

5.3.7 R (1) A *firm* must make available to *clients* the *QCDD* and (where relevant) *supplementary disclosure documents* for the *qualifying cryptoassets* it deals or arranges deals in before the *client*'s initiation of the transaction.

(2) A *firm* must make available to *clients* the *stablecoin QCDD* for the *UK qualifying stablecoins* that it deals or arranges deals in before the *client*'s initiation of the transaction.

5.3.8 G In *CRYPTO* 5.3.2R and *CRYPTO* 5.3.7R, the documents may be made available by providing a link to where the documents are published in accordance with *CRYPTO* 2 and *CRYPTO* 3.

5.3.9 R Where a *firm* (A) is *arranging deals in qualifying cryptoassets*, it is not required to make the *QCDD*, *stablecoin QCDD* or *supplementary disclosure documents* available in accordance with *CRYPTO* 5.3.7R where:

(1) the arrangements provided by A require a *client* to engage with another *firm* (B) for the transaction to take place; and

(2) B complies with the *rule* in *CRYPTO* 5.3.7R.

5.3.10 G The *rule* in *CRYPTO* 5.3.9R is to avoid duplication of requirements where there are multiple *firms* involved in a transaction. Where *CRYPTO* 5.3.9R applies, *firms* should take all reasonable steps to ensure that the *client* will be provided with the documents specified in *CRYPTO* 5.3.7R by another *firm* before the *client*'s initiation of the transaction.

5.3.11 R A *firm* must make and retain written records of how it continues to satisfy itself that it fulfils the requirements in this section.

5.4 Execution and order handling rules

Obligation to execute orders on terms most favourable to the client

5.4.1 R (1) A *firm* must take all sufficient steps to obtain, when executing orders, the best possible results for its *clients*, taking into account the *execution factors*.

(2) The *execution factors* to be taken into account are price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order.

5.4.2 G The obligation on *firms* in *CRYPTO* 5.4.1R is subject to the requirements in *CRYPTO* 5.2.2R and *CRYPTO* 5.2.6R.

5.4.3 G *CRYPTO* 5.4.1R(1) does not apply to a *firm* when it engages in *matched principal trading* for the purpose of executing *client* orders on a *UK QCATP* it operates, when acting in accordance with the non-discretionary rules of the *UK QCATP*.

Application of best execution obligation

5.4.4 G *CRYPTO* 5.4.1R applies where a *firm* owes contractual or agency obligations to the *client*.

5.4.5 G A *firm* executing orders on behalf of a *client* when *dealing in qualifying cryptoassets as principal* should be considered as undertaking execution of *client* orders subject to the requirements under this chapter, and in particular, those obligations in relation to best execution.

5.4.6 G A *firm* executing *client* orders on a matched principal basis is subject to the requirements of this chapter in relation to the execution of orders on behalf of *clients*.

5.4.7 G Where a *firm* executes a quote after a *client* accepts it, the *firm* complies with *CRYPTO* 5.4.1R where:

(1) the quote would meet the *firm's* obligations under *CRYPTO* 5.4.1R if the *firm* executed the quote at the time it was provided; and

(2) the quote is not manifestly out of date, taking into account:

(a) the changing market conditions; and

(b) the time elapsed between the offer and acceptance of the quote.

5.4.8 G The obligation to deliver the best possible result when executing *client* orders applies in relation to all types of *qualifying cryptoassets*. However, given the differences in characteristics of *qualifying cryptoassets*, it may be difficult to identify and apply a uniform standard of, and procedure for, best execution that would be valid and effective for all groups (or categories) of *qualifying cryptoassets*. Best execution obligations should therefore be applied to take into account the different circumstances surrounding the execution of orders for particular types of *qualifying cryptoassets*.

Best execution criteria

5.4.9 R (1) A *firm* must, when executing *client* orders, take into account the following criteria for determining the relative importance of the *execution factors*:

(a) the characteristics of the *client*, including the categorisation of the *client* as retail or professional;

(b) the characteristics of the *client* order;

(c) the characteristics of *qualifying cryptoassets* that are the subject of that order; and

(d) the characteristics of the *qualifying cryptoasset execution venues* to which that order can be directed.

(2) A *firm* satisfies the *qualifying cryptoasset best execution obligation* to the extent that it executes an order or a specific aspect of an order following specific instructions from the *client* relating to that order or the specific aspect of that order.

(3) A *firm* must not structure or charge its commissions in such a way as to discriminate unfairly between *qualifying cryptoasset execution venues*.

(4) A *firm* must, when executing orders or taking decisions to deal *qualifying cryptoassets over the counter*, check the fairness of the price proposed to the *client*:

(a) by gathering market data used in the estimation of the price of such product; and

(b) where possible, by comparing with similar or comparable transactions.

Role of price

5.4.10 R Where a *firm* executes an order on behalf of a *retail client*, the best possible result must be determined in terms of the total consideration, representing the price of the *qualifying cryptoasset* and the costs related to execution. This must include:

(1) all expenses incurred by the *client* that are directly related to the execution of the order, including *qualifying cryptoasset execution venue* fees, gas fees and settlement fees; and

(2) any other fees paid to third parties involved in the execution of the order.

5.4.11 G When a *firm* executes a *retail client's* order in the absence of specific *client* instructions, for the purposes of ensuring that the *firm* obtains the best possible result for the *client*, the *firm* should take into consideration all factors that will enable it to deliver the best possible result in terms of the total consideration, representing the price of the *qualifying cryptoasset* and the costs related to execution.

5.4.12 G The following factors may be given precedence over the immediate price and cost consideration in *CRYPTO* 5.4.10R only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the *retail client*:

(1) speed;

(2) likelihood of execution;

(3) likelihood of settlement;

(4) the size and nature of the order; or

(5) any other implicit transaction costs.

Following specific instructions from a client

5.4.13 R Whenever there is a specific instruction from a *client*, a *firm* must execute the order following the specific instruction.

5.4.14 G When a *firm* executes an order following specific instructions from the *client*, it should be treated as having satisfied its best execution obligations only in respect of the part or aspect of the order to which the *client* instructions relate. The fact that the *client* has given specific instructions which cover one part or aspect of the order should not be treated as releasing

the *firm* from its best execution obligations in respect of any other parts or aspects of the *client* order that are not covered by such instructions.

5.4.15 G A *firm* should not induce a *client* to instruct it to execute an order in a particular way, by expressly indicating or implicitly suggesting the content of the instruction to the *client*, when the *firm* ought reasonably to know that an instruction to that effect is likely to prevent it from obtaining the best possible result for that *client*. However, this should not prevent a *firm* from inviting a *client* to choose between 2 or more specified *qualifying cryptoasset execution venues*, provided that those *qualifying cryptoasset execution venues* are consistent with the execution policy of the *firm*.

Delivering best execution where there are competing qualifying cryptoasset execution venues

5.4.16 R A *firm's* own commissions and the costs for executing an order in each of the eligible *qualifying cryptoasset execution venues* must be taken into account when assessing and comparing the results that would be achieved for a *client* by executing the order on each of the *qualifying cryptoasset execution venues* listed in the *firm's* execution policy that is capable of executing that order.

5.4.17 G The obligation to deliver best execution for a *retail client* where there are competing *qualifying cryptoasset execution venues* is not intended to require a *firm* to:

(1) compare the results that would be achieved for its *client* on the basis of its own execution policy and its own commissions and fees with results that might be achieved for the same *client* by any other *firm* on the basis of a different execution policy or a different structure of commissions or fees; or

(2) compare the differences in its own commissions which are attributable to differences in the nature of the services that the *firm* provides to *clients*.

5.4.18 G A *firm* would be considered to structure or charge its commissions in a way which discriminates unfairly between *qualifying cryptoasset execution venues* if:

(1) it charged a different commission or spread to *clients* for execution on different *qualifying cryptoasset execution venues*; and

(2) that difference did not reflect actual differences in the cost to the *firm* of executing on those venues.

5.4.19 G The provisions of this section which provide that costs of execution include a *firm's* own commission or fees charged to the *client* for the provision of an investment service should not apply for the purpose of determining which *qualifying cryptoasset execution venues* must be included in the *firm's* execution policy in accordance with *CRYPTO* 5.4.23R.

5.4.20 R A *firm* must not receive any remuneration, discount or non-monetary benefit for routing *client* orders to a particular *qualifying cryptoasset execution venue* which would infringe the requirements on conflicts of interests as set out in *SYSC* 10 or inducements as set out in *COBS* 2.3 (for *firms* carrying on business other than *MiFID, equivalent third country or optional exemption business*).

5.4.21 G *Firms* should also consider the *rules* and *guidance* set out in *CRYPTO* 5.7 in respect of any remuneration, discount or non-monetary benefit for routing *client* orders.

Requirement for order execution arrangements including an order execution policy

5.4.22 R A *firm* must establish and implement effective arrangements for complying with the obligation to take all sufficient steps to obtain the best possible results for its *clients*. In particular, the *firm* must establish and implement an order execution policy to allow it to obtain, in accordance with *CRYPTO* 5.4.1R, the best possible result for the execution of *client* orders.

5.4.23 R (1) The order execution policy in *CRYPTO* 5.4.22R must include, in respect of each group (or category) of *qualifying cryptoassets*, information on the different *qualifying cryptoasset execution venues* where the *firm* executes its *client* orders and the factors affecting the choice of *qualifying cryptoasset execution venue*.

(2) The policy referred to in (1) must at least include those *qualifying cryptoasset execution venues* that enable the *firm* to obtain on a consistent basis the best possible result for the execution of *client* orders.

5.4.24 R (1) A *firm* must provide appropriate information to its *clients* on its order execution policy.

(2) The information referred to in (1) must:

(a) explain clearly how orders will be executed by the *firm* for the *clients*; and

(b) include sufficient details and be provided in a way that can be easily understood by *clients*.

5.4.25 R A *firm* must obtain the prior consent of its *clients* to its order execution policy.

5.4.26 R (1) Where a *firm's* order execution policy provides for the possibility that *client* orders may be executed outside a *UK QCATP*, the *firm* must, in particular, inform its *clients* about that possibility.

(2) A *firm* must obtain the express prior consent of its *clients* before proceeding to execute their orders outside a *UK QCATP*.

(3) A *firm* may obtain the consent referred to in (2) either in the form of a general agreement or in respect of individual transactions.

Execution policies

5.4.27 R (1) A *firm* must review its order execution policy and order execution arrangements:

(a) at least on an annual basis; and

(b) upon occurrence of a *material change* that affects the *firm's* ability to continue to obtain the best possible result for the execution of its *client* orders on a consistent basis using the venue included in its execution policy,

and, as part of such review, the *firm* must consider making changes to the relative importance of the *execution factors* in meeting its *qualifying cryptoasset best execution obligation*.

(2) The information on the order execution policy must be customised depending on the group (or category) of *qualifying cryptoassets* and type of the service provided and must include the information set out in (3) to (9).

(3) A *firm* must provide *clients*, in a *durable medium* (or by means of a website, mobile application or any other digital medium, in accordance with the *website conditions*, to the extent it is not a *durable medium*), with the following details on its execution policy in good time prior to the provision of the service:

(a) in compliance with *CRYPTO* 5.4.9R(1), an account of the relative importance the *firm* assigns to the *execution factors*, or the process by which the *firm* determines the relative importance of those factors;

(b) a list of the *qualifying cryptoasset execution venues* on which the *firm* places significant reliance in meeting its *qualifying cryptoasset best execution obligation* and specifying which *qualifying cryptoasset execution venues* are used for each group (or category) of *qualifying cryptoassets* for *retail client* orders and *professional client* orders;

(c) a list of factors used to select a *qualifying cryptoasset execution venue*, including:

(i) qualitative factors such as settlement arrangements, *client* protection measures, operational resilience,

transparent disclosures, or any other relevant consideration, and

(ii) the relative importance of each factor,

ensuring that the information about the factors used to select a *qualifying cryptoasset execution venue* for execution is consistent with the controls used by the *firm* to demonstrate to *clients* that best execution has been achieved on a consistent basis when reviewing the adequacy of the *firm's* policy and arrangements;

(d) how the *execution factors* of price costs, speed, likelihood of execution and any other relevant factors are considered as part of all sufficient steps to obtain the best possible result for the *client*;

(e) where applicable:

(i) that the *firm* executes orders outside a *UK QCATP*;

(ii) any additional risks arising from execution outside a *UK QCATP*; and

(iii) upon *client* request, additional information about any additional risks of this means of execution;

(f) a clear and prominent warning that any specific instruction from a *client* may prevent the *firm* from taking the steps that it has designed and implemented in its order execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions; and

(g) a summary of:

(i) the selection process for *qualifying cryptoasset execution venues*;

(ii) execution strategies employed;

(iii) the procedures and process used to analyse the quality of execution obtained; and

(iv) how the *firm* monitors and verifies that the best possible results were obtained for *clients*.

(4) Where a *firm* applies different fees depending on the *qualifying cryptoasset execution venue*, the *firm* must explain these differences in sufficient detail in order to allow the *client* to understand the advantages and the disadvantages of the choice of a single *qualifying cryptoasset execution venue*.

(5) Where a *firm* invites *clients* to choose a *qualifying cryptoasset execution venue*, it must provide fair, clear and not misleading information to prevent the *client* from choosing one *qualifying cryptoasset execution venue* rather than another on the sole basis of the price policy applied by the *firm*.

(6) A *firm* must only receive third-party payments that comply with the *rules* in *COBS* 2.3 and must inform *clients* about the inducements that the *firm* may receive from the *qualifying cryptoasset execution venues*. The information must specify the fees charged by the *firm* to all counterparties involved in the transaction and, where the fees vary depending on the *client*, the information must indicate the maximum fees or range of the fees that may be payable.

(7) Where a *firm* charges more than one participant in a transaction, in compliance with the *rules* in *COBS* 2.3, the *firm* must inform its *client* of the value of any monetary or non-monetary benefits received by the *firm*.

(8) Where a *client* makes reasonable and proportionate requests to a *firm* for information about its policies or arrangements and how they are reviewed, the *firm* must answer clearly and within a reasonable time.

(9) Where a *firm* executes orders for *retail clients*, it must provide those *clients* with a summary of the relevant policy, focused on the total cost they incur.

5.4.28 G (1) When establishing its order execution policy in accordance with *CRYPTO* 5.4.22R, a *firm* should determine the relative importance of the factors mentioned in *CRYPTO* 5.4.1R, or at least establish the process by which it determines the relative importance of these factors, so that it can deliver the best possible result to its *clients*.

(2) Ordinarily, the *FCA* would expect that price will merit a high relative importance in obtaining the best possible result for *professional clients*. However, in some circumstances for some *clients*, orders, *qualifying cryptoassets* or markets, the policy may appropriately determine that other *execution factors* are more important than price in obtaining the best possible execution result.

5.4.29 G A *firm* should apply its order execution policy to each *client* order that it executes with a view to obtaining the best possible result for the *client* in accordance with that policy.

5.4.30 G The obligation to take all sufficient steps to obtain the best possible result for the *client* should not be treated as requiring a *firm* to include in its order execution policy all available *qualifying cryptoasset execution venues*.

5.4.31 G A *firm* executing orders should be able to include a single *qualifying cryptoasset execution venue* in its policy only where it is able to show that this allows it to obtain best execution for its *clients* on a consistent basis. *Firms* should select a single *qualifying cryptoasset execution venue* only where they can reasonably expect that the selected *qualifying cryptoasset execution venue* will enable them to obtain results for *clients* that are at least as good as the results that they could reasonably expect from using alternative *qualifying cryptoasset execution venues*. This reasonable expectation should be supported by relevant data or by other internal analyses conducted by *firms*.

5.4.32 G The provisions of this section relating to a *firm's* order execution policy are without prejudice to the general obligation of a *firm* to monitor the effectiveness of its order execution arrangements and policy and assess the *qualifying cryptoasset execution venues* in its order execution policy on a regular basis.

5.4.33 R (1) A *firm* must monitor the effectiveness of its order execution arrangements and execution policy to identify and, where appropriate, correct any deficiencies.

(2) In particular, a *firm* must assess, on a regular basis, whether the *qualifying cryptoasset execution venues* included in its order execution policy provide for the best possible result for the *client* or whether it needs to make changes to its execution arrangements, taking into account relevant data or other internal analyses conducted by *firms*.

(3) The *firm* must notify *clients* of any *material changes* to its order execution arrangements or order execution policy.

5.4.34 R (1) A *firm* must be able to demonstrate to its *clients*, at their request, that it has executed their orders in accordance with its order execution policy.

(2) A *firm* must be able to demonstrate to the *FCA*, upon request, its compliance with *CRYPTO* 5.4.1R and with the related provisions in this chapter which require *firms* to execute orders on terms most favourable to the *client*.

5.4.35 G In order to obtain the best execution for a *client*, a *firm* should compare and analyse relevant data.

Duty of portfolio managers, receivers and transmitters to act in the client's best interest

5.4.36 G The provisions of this section are relevant to:

(1) a portfolio manager that deals in *qualifying cryptoassets* on behalf of *client*, in particular, when *dealing in qualifying cryptoassets as agent*

or *arranging deals in qualifying cryptoassets*, in accordance with its mandate when carrying out *portfolio management* services; or

(2) a *firm* which receives and transmits orders in *qualifying cryptoassets* to other *persons* for execution as part of *arranging deals in qualifying cryptoassets*.

5.4.37 R (1) A *firm* that provides *portfolio management* services must comply with the *client's best interests rule* when transmitting orders to other *persons* for execution that result from decisions by the *firm* to deal in *qualifying cryptoassets* on behalf of its *client*.

(2) A *firm* that receives and transmits orders for execution in *qualifying cryptoassets* must comply with the *client's best interests rule* when transmitting *client* orders to other *persons* for execution.

(3) In order to comply with the *client's best interests rule* under (1) or (2), a *firm* must comply with (4) to (9).

(4) A *firm* must take all sufficient steps to obtain the best possible result for its *client*, taking into account the *execution factors*, the relative importance of which must be determined by reference to:

(a) the criteria set out in *CRYPTO* 5.4.9R(1); and

(b) for *retail clients*, *CRYPTO* 5.4.10R.

(5) A *firm* satisfies its obligations under (1) or (2), and is not required to take the steps mentioned in (4), to the extent that it follows specific instructions from its *client* when transmitting an order to another entity for execution.

(6) A *firm* must establish and implement a policy that enables it to comply with (4). The policy must identify, in respect of each group (or category) of *qualifying cryptoassets*, the *persons* with which the orders are placed or to which the *firm* transmits orders for execution. The *persons* identified must have execution arrangements that enable the *firm* to comply with its obligations under this *rule* when it places or transmits orders to that *person* for execution.

(7) A *firm* must:

(a) provide information to its *clients* on the policy in (6) and its order execution policy established in accordance with *CRYPTO* 5.4.27R(2) to (9);

(b) provide *clients* with appropriate information about the *firm* and its services and the *persons* chosen for execution; and

(c) upon reasonable request from a *client*, provide its *clients* or potential *clients* with information about entities where the orders are transmitted or placed for execution.

(8) A *firm* must:

(a) monitor on a regular basis the effectiveness of its policy established in accordance with (6) including, in particular, the execution quality of the entities identified;

(b) where deficiencies in the effectiveness have been identified, correct any deficiencies in its order execution policy where appropriate;

(c) review its order execution policy and order execution arrangements at least annually and whenever a *material change* occurs that affects the *firm's* ability to continue to obtain the best possible result for its *clients*; and

(d) assess whether a *material change* has occurred and consider making changes to the *execution venues* or *persons* on which it places significant reliance in meeting its *qualifying cryptoasset best execution obligation*.

(9) A *firm* must, when executing orders or taking decisions to deal *qualifying cryptoassets over the counter*, check the fairness of the price proposed to the *client*, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable transactions.

5.4.38 G This section is not intended to require a duplication of effort as to best execution between a *firm* which receives and transmits orders for execution or *portfolio management* and any *firm* to which that *firm* transmits its orders for execution.

5.4.39 G (1) A *firm* transmitting orders to other entities for execution may select a single entity for execution only where:

(a) it can show that this provides the best possible result for its *clients* on a consistent basis; and

(b) it can reasonably expect that the selected entity will enable it to obtain results for *clients* that are at least as good as the results that could reasonably be expected from using alternative entities for execution.

(2) This reasonable expectation referred to in (1)(b) should be supported by relevant data or by other internal analyses conducted by the *firm*.

Minimum number of price sources

5.4.40 G (1) In complying with its *qualifying cryptoasset best execution obligation*, a *firm* should check, where available, at least 3 reliable price sources from *UK qualifying cryptoasset execution venues*.

(2) Where a *UK QCATP* makes the prices publicly available, the *firm* should prioritise checking these prices.

(3) Where there are fewer than 3 *UK qualifying cryptoasset execution venues* that can execute the order, the *firm* should at least check the prices on the available *UK qualifying cryptoasset execution venues*.

5.4.41 G The *guidance* in *CRYPTO* 5.4.40 is not intended to:

(1) require a *firm* to execute a *client* order on the *qualifying cryptoasset execution venues* it has checked;

(2) require a *firm* to include the *qualifying cryptoasset execution venues* that it checks prices on in its order execution policy; or

(3) prevent a *firm* from considering prices on a non-*UK qualifying cryptoasset venue* provided that such a venue meet the equivalent standards of governance, operational integrity and *market abuse* controls.

5.4.42 G Circumstances where the *guidance* in *CRYPTO 5*.4.40 is not expected to be relevant include where:

(1) a *firm* is engaged in the activity of *qualifying cryptoasset lending or borrowing*; or

(2) a transaction involves exchanging a *UK qualifying stablecoin* for:

(a) another *UK qualifying stablecoin*; or

(b) fiat money; or

(3) a transaction involves an exchange of 2 *qualifying cryptoassets* (A and B):

(a) at a fixed ratio; and

(b) where the economic value of A and B is the same.

5.4.43 G An example of a transaction in *CRYPTO* 5.4.42G(3) is issuing or redeeming a *wrapped token*.

5.5 Pre-trade disclosures to clients

Disclosure of firm role

5.5.1 R A *firm* must disclose its role(s) to *retail clients* or *professional clients* before executing *client* orders, including whether it acts as a *principal* or *agent* for each order.

5.5.2 G Where a *firm* is acting in a matched principal capacity for an order, the *firm* should make this clear to the *client* before executing each order.

5.5.3 G The disclosure in *CRYPTO* 5.5.1R can take a standard format covering multiple orders or types of orders if the *firm* always acts in the same capacity for such orders or types of orders.

Price disclosure

5.5.4 R *CRYPTO* 5.5.7R to *CRYPTO* 5.5.10G apply where a *firm* is *dealing in qualifying cryptoassets as principal* for a *retail* or *professional client*.

5.5.5 R *CRYPTO* 5.5.7R(1) and (2), *CRYPTO* 5.5.8R, *CRYPTO* 5.5.9R and *CRYPTO* 5.5.10G do not apply:

(1) when a *firm* engages in *matched principal trading* for the purpose of executing *client* orders on a *UK QCATP* it operates, when acting in accordance with the non-discretionary rules of the *UK QCATP*; or

(2) to a transaction which involves an exchange of 2 *qualifying cryptoassets* (A and B):

(a) at a fixed ratio; and

(b) where the economic value of A and B is the same.

5.5.6 G An example of a transaction in *CRYPTO* 5.5.5R is issuing or redeeming a *wrapped token*.

5.5.7 R A *firm* must disclose the following to its *client* prior to execution of the *client's* order:

(1) a firm price at which the order can be executed;

(2) the duration of the time period for which the *firm* can execute the order at that price; and

(3) any fees or charges for the execution of the order.

5.5.8 R Where a *client* has accepted the price within the time period disclosed by the *firm*, the *firm* must execute the order at that price or at a price that is more advantageous to the *client*.

5.5.9 R Where the price is no longer available for execution due to exceptional circumstances, the *firm*:

(1) is not required to execute the order at the price accepted by the *client*;

(2) must inform the *client* why the order was not executed; and

(3) must seek fresh instructions from the *client*.

5.5.10 G The *FCA* expects that exceptional circumstances in respect of *CRYPTO* 5.5.9R will be rare occurrences, but may include such circumstances as extreme market volatility.

Settlement

5.5.11 R A *firm* must clearly inform the *client* of the process for the settlement of *qualifying cryptoasset* transactions it deals or arranges in, including any associated risks, as applicable.

5.5.12 G Where a *firm* provides the service of arranging or otherwise bringing about settlement of a *qualifying cryptoasset* transaction, the *FCA* expects the *firm* to:

(1) initiate the final settlement of the transaction within 24 hours of the transaction being executed;

(2) have previously disclosed the nature of the service to its *client*; and

(3) have recorded this in accordance with *COBS* 8.1, in the case of a *retail client*.

5.6 Client order handling

General principles

5.6.1 R (1) A *firm* which is carrying out *client* orders must implement procedures and arrangements which provide for the prompt, fair and expeditious execution of *client* orders, relative to other orders or the trading interests of the *firm*.

(2) These procedures or arrangements in (1) must allow for the execution of otherwise comparable orders in accordance with the time of their reception by the *firm*.

Carrying out client orders

5.6.2 R A *firm* must, when carrying out *client* orders:

(1) ensure that orders executed on behalf of *clients* are promptly and accurately recorded and allocated;

(2) carry out otherwise comparable *client* orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the *client* require otherwise; and

(3) inform a *retail client* about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

5.6.3 G For the purposes of this section, orders should not be treated as otherwise comparable if they are received by different media and it would not be practicable for them to be treated sequentially.

Use of information relating to pending client orders

5.6.4 R A *firm* must not misuse information relating to pending *client* orders and must take all reasonable steps to prevent the misuse of such information by any of its *relevant persons*.

Aggregation and allocation of orders

5.6.5 R A *firm* must not carry out a *client* order or a transaction for own account in aggregation with another *client* order unless the following conditions are met:

(1) it is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any *client* whose orders are to be aggregated;

(2) it is disclosed to each *client* whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order; and

(3) the *firm* has established and effectively implemented an order allocation policy, which provides for the fair allocation of aggregated orders and transactions, including how the volume and price of orders determine allocations and the treatment of partial executions.

Partial execution of aggregated client order

5.6.6 R Where a *firm* aggregates an order with one or more other *client* orders and the aggregated order is partially executed, it must allocate the related trades in accordance with its order allocation policy.

Aggregation and allocation of transactions for own account

5.6.7 R A *firm* which has aggregated transactions for own account with one or more *client* orders must not allocate the related trades in a way that is detrimental to a *client*.

5.6.8 R (1) Where a *firm* aggregates a *client* order with a transaction for own account and the aggregated order is partially executed, it must allocate the related trades to the *client* in priority to the *firm*.

(2) Where the *firm* is able to demonstrate on reasonable grounds that without the combination it would not have been able to carry out the order on such advantageous terms, or at all, it may allocate the transaction for own account proportionally, in accordance with its order allocation policy referred to in *CRYPTO* 5.6.5R(3).

5.6.9 R As part of the order allocation policy referred to in *CRYPTO* 5.6.5R(3), a *firm* must put in place procedures to prevent the reallocation, in a way that is detrimental to the *client*, of transactions for own account which are executed in combination with *client* orders.

5.6.10 G For the purposes of this section, the reallocation of transactions should be considered as detrimental to a *client* if, as an effect of that reallocation, unfair precedence is given to the *firm* or to any particular *person*.

5.6.11 G In this section, carrying out *client* orders includes:

(1) the *execution of orders on behalf of clients*;

(2) the transmission of orders to other entities for execution that result from decisions to deal in *qualifying cryptoassets* on behalf of *clients* when providing the service of *portfolio management*; and

(3) the transmission of *client* orders to other entities for execution when providing the service of reception and transmission of orders.

5.7 Conflicts of interest during order execution

5.7.1 G This section sets out requirements in relation to managing conflicts of interest where a *firm* executes orders for a *client*. In addition to the *qualifying cryptoasset best execution obligation* and the *rules* in this section, *firms* are also reminded of other relevant obligations in *PRIN*, *SYSC* and *COBS* relating to conflicts of interest, acting in the *client's* best interests, and restrictions on inducements, as applicable.

5.7.2 G Where a *firm* is executing orders for *qualifying cryptoassets* for *clients*, arrangements that involve accepting or demanding monetary or non-monetary benefits for routing *client* orders to a *qualifying cryptoasset execution venue* risk breaching:

(1) the *qualifying cryptoasset best execution obligation*; and

(2) obligations in *PRIN*, *SYSC* and *COBS* relating to:

(a) conflicts of interest;

(b) acting in the *client's* best interests; and

(c) the restrictions on inducements.

Functional separation requirement

5.7.3 G As set out in *SYSC*, a *firm* must maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of its *clients* when executing orders or receiving and transmitting for execution orders for a *client* for *qualifying cryptoassets*. This includes segregating, within its own operating environment, tasks and responsibilities which may be regarded as incompatible with each other, or which may generate systematic conflicts of interest.

5.7.4 G *Firms* should design their systems to address any *client* detriment arising out of conflicts between the *firm's qualifying cryptoasset* proprietary trading operations and *client* execution operations.

5.7.5 G Appropriate systems are expected to include functional separation between a *firm's* proprietary trading operations and client execution operations. Functional separation includes but is not limited to:

(1) transparent and appropriately segregated lines of responsibility between the *firm's* different operations;

(2) clear and separate reporting lines between the *firm's* different operations or business lines;

(3) defined roles for management functions, including risk, compliance and audit functions; and

(4) established *information barriers* between *persons* and different parts of the business.

5.8 Personal account dealing

5.8.1 R A *firm* that conducts *qualifying cryptoasset activity* must establish, implement and maintain adequate arrangements aimed at preventing the activities in *CRYPTO* 5.8.2R in the case of any *relevant person* who:

(1) is involved in activities that may give rise to a conflict of interest; or

(2) has access to:

(a) inside information as defined in the *Cryptoassets Regulations*; or

(b) other confidential information relating to *clients* or transactions with or for *clients*,

by virtue of an activity carried out by them on behalf of the *firm*.

5.8.2 R The activities to which *CRYPTO* 5.8.1R applies are:

(1) entering into a *personal transaction* which meets at least one of the following criteria:

(a) that *person* is prohibited from entering into it under Part 2 of Chapter 2 of the *Cryptoassets Regulations*;

(b) it involves the misuse or improper disclosure of the confidential information in *CRYPTO* 5.8.1R(2); or

(c) it conflicts or is likely to conflict with an obligation of the *firm* to a *customer* under the *regulatory system* or any other obligation of the *firm* under the *Cryptoassets Regulations*;

(2) advising or procuring, other than in the proper course of their employment or contract for services, any other *person* to enter into a transaction in a *qualifying cryptoasset* or *related instrument* which, if a *personal transaction* of the *relevant person*, would be covered by (1) or a relevant provision; and

(3) disclosing, other than in the normal course of their employment or contract for services, any information or opinion to any other *person* if the *relevant person* knows, or reasonably ought to know, that as a result of that disclosure that other *person* will or would be likely to:

(a) enter into a transaction in a *qualifying cryptoasset* or *related instrument* which, if a *personal transaction* of the *relevant person*, would be covered by (1) or a relevant provision; or

(b) advise or procure another *person* to enter into such a transaction.

5.8.3 R For the purposes of this section, the relevant provision is *CRYPTO* 5.6.4R.

5.8.4 R The requirements of this section are without prejudice to the prohibition under regulation 24 of the *Cryptoassets Regulations*.

Dealing

5.8.5 R The arrangements required under this section must be designed to ensure that:

(1) each *relevant person* covered by this section is aware of the restrictions on *personal transactions*, and of the measures established by the *firm* in connection with *personal transactions* and disclosure, in accordance with this section; and

(2) the *firm*:

(a) is informed promptly of any *personal transaction* entered into by a *relevant person*, either by notification of that transaction or by other procedures enabling the *firm* to identify such transactions; or

(b) in the case of *outsourcing* arrangements, ensures that the service provider to which the activity is *outsourced* maintains a record of *personal transactions* entered into by

any *relevant person* and provides that information to the *firm* promptly on request; and

(3) a record is kept of the *personal transaction* notified to the *firm* or identified by it, including any authorisation or prohibition in connection with such a transaction.

Disapplication of rule on personal account dealing

5.8.6 R This section does not apply to *personal transactions* effected under a discretionary portfolio management service where there is no prior communication in connection with the transaction between the portfolio manager and the *relevant person* or other *person* for whose account the transaction is executed.

5.8.7 R For the purposes of this section, a *person* who is not a director, partner or equivalent, or manager of the *firm* will only be a *relevant person* to the extent that they are involved in the provision of *qualifying cryptoasset activity*.

Successive personal transactions

5.8.8 R Where successive *personal transactions* are carried out on behalf of a *person* in accordance with prior instructions given by that *person*, the obligations under this section do not apply:

(1) separately to each successive transaction if those instructions remain in force and unchanged; or

(2) to the termination or withdrawal of such instructions, provided that any *qualifying cryptoassets* or *related instruments* which had previously been acquired pursuant to the instructions are not disposed of at the same time as the instructions terminate or are withdrawn.

5.8.9 R Obligations under this section do apply in relation to a *personal transaction*, or the commencement of successive *personal transactions*, that are carried out on behalf of the same *person* if those instructions are changed or if new instructions are issued.

5.9 Records

5.9.1 R A *firm* must make and keep records evidencing its compliance with this chapter.

5.9.2 R A record made and kept by a *firm* in accordance with this chapter must be:

(1) provided by the *firm* to the *FCA* upon request; and

(2) kept for a period of 5 years or, where requested by the *FCA*, for a period of up to 7 years.