



The FCA's cryptoasset authorisation gateway - what firms need to know

The FCA recently published detailed guidance on how its authorisation gateway will work for firms seeking authorisation as a Crypto Asset Service provider (“CASP”) with permissions to carry out the new cryptoasset regulated activities. This article provides a summary of the key points of the CASP authorisation process according to my understanding and is certainly not legal advice!

All cryptoasset firms need FSMA authorisation

Firms that want to undertake the new cryptoasset regulated activities will need to be authorised under the Financial Services and Markets Act 2000 (“FSMA”) as a CASP with permission to carry out the relevant cryptoasset activities. The authorisation requirement applies regardless of a firm's current regulatory status.

If you are currently unauthorised, for example a UK registered Virtual Asset Service provider (“VASP”) you will need to submit an application for authorisation to the FCA. There is no conversion of your VASP MLR registration to an FSMA authorisation. VASPs will need to submit an FSMA application to the FCA as per any other firm seeking to become authorised. If you are unauthorised and not currently providing cryptoasset services you will need to apply for authorisation but are not bound by the timelines described below. In fact, you may want to submit after the rush and having incorporated feedback from the industry to improve your application.

Firms that are already authorised under FSMA for other activities, e.g. an investment firm, will need to vary their existing permissions to include the new cryptoasset permissions if they wish to provide these services. This should be a marginally easier process than submitting an application for authorisation given that Threshold Conditions, Governance and SMCR requirements should already be met, and financial resources in place, with a proven track record with the FCA. However, a variation of permissions is not an insignificant exercise and sufficient time should be allocated to preparing your application for these new cryptoasset permissions.

If you are looking to continue providing cryptoasset services you should now be making good progress with your application (for authorisation or permissions variation) as well as building out the supporting arrangements that you will need to describe. Remember, the FCA's authorisation threshold requires firms to be “ready, willing and organised”.

Pre-application meetings are now available

The FCA's Pre-Application Support Service (“PASS”) opened for prospective CASPs from 11 May 2026, with meetings that will take place from July 2026. PASS meetings are optional and provide firms with a valuable opportunity to introduce the FCA to their business model, proposed arrangements and raise questions on specific matters to understand the FCA's expectations regarding authorisation or variation of permissions. You can read a previous



article on the PASS process [\[here\]](#), in particular, you should note the need for applicant firms to be relatively advanced in their preparation in order to raise questions and respond to any FCA queries. PASS does not, however, guarantee a successful application and the FCA encourage firms to seek independent legal and compliance advice as part of their application preparation. See a previous article regarding the FCA's view of firms using external advisors [\[here\]](#).

When must you apply?

The application window for firms opens 30 September 2026 and closes 28 February 2027. Where a firm applies within this window, the FCA will aim to determine the application before the new regime commences on 25 October 2027. Firms that have submitted applications during this window have the safety of knowledge that they will either become authorized before the commencement date or have pending applications that will benefit from the "saving provision". Pending applications will either be determined favourably and transition into the new FSMA framework or be subject to run-off arrangements under the "transitional provision".

If you are currently operating as a UK VASP, and wish to continue service provision, you should submit your FSMA authorisation application within the application window. On that basis you will be able to continue to operate (including taking on new customers) upon commencement of the new regime on 25 October 2027, either as an authorised CASP or, if your application has not been determined, under the saving provision (until your application is finally decided). If the outcome of the assessment of your application is not favourable you will enter the transitional regime and be required to run-off your business.

What if you miss the application window deadline?

If you are a VASP and have an existing cryptoasset business that you want to continue you should prioritise submission during the application window. However, you can still apply after 28 February 2027 (and before 25 October 2027), but will not benefit from the saving provision and will not therefore be able to onboard new customers whilst awaiting the outcome of the FCA's assessment. The FCA will not expedite its assessment of an application submitted after the application window ends on 28 February 2027 to compensate for the late submission.

Importantly, when the new regime commences on 25 October 2027, if you are not yet authorised, you will need to await the outcome of the FCA's assessment (hopefully favourable) and not service any new customers. Operation of the business during this time is not protected by the saving provision. Without authorisation and with no access to the saving provision, the firm is in a legally exposed position — one that the FCA's guidance does not fully resolve.

If the outcome of the FCA's assessment is not favourable you will enter the transitional regime and be required to run-off your business.



What if you don't apply at all?

Firms that do not apply before the regime commences, or do not intend to apply at all, must run off their UK cryptoasset business before commencement of the regime on 25 October 2027. If you do not apply, you have no access to either the saving provision that is available to firms that applied during the window or the transitional provision and will need to run off the entire UK cryptoasset business before 25 October 2027 in order to avoid a regulatory breach. Continuing to operate without authorisation after that point would put you in breach of the general prohibition under section 19 FSMA — a serious enforcement risk which carries criminal and civil enforcement risk.

Shall I rush a quick application to meet the application window?

If you are thinking of rushing your application bear in mind that the FCA will reject poor quality submissions without assessing them if they do not provide the minimum information required. Under those circumstances, firms will be considered as having not applied for the purposes of access to the saving provision or transitional provision.

In conclusion

The timeline is now set. Requests for pre-application meetings opened in May with meetings to be scheduled from July 2026, the application window runs from 30 September 2026 through to the end of February 2027, and firms that are not prepared will find their options narrowing fast. If you are currently operating in the cryptoasset space and have not yet started preparing your FSMA authorisation application, you need to start now. If you have an existing cryptoasset business in the UK you should be aiming to submit your application or variation of permission within the application window.