POLICY PAPER · MAY 2026

A Vision for the UK in the Global Digital-Asset Economy

A strategic narrative for HM Treasury, UK regulators and policymakers

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ABOUT THIS PAPER

This paper sets out a strategic narrative for the UK's digital-asset regime at a decisive moment. The legislation is made, the major consultations are closed, and the authorisation gateway opens in September 2026. It proposes a shared destination for policymakers, regulators and industry, and identifies where focus is required to translate stated ambition into durable global leadership.

THIS PAPER IN SIX STEPS

1.	**Why now**	The legislative foundation is in place; a coherent strategic narrative is now required.
2.	**The ambition**	What UK leadership should look like by 2031.
3.	**The reframing**	Digital assets as financial-market infrastructure, not a standalone risk category.
4.	**The credibility test**	Translating ambition into coordinated regulatory behaviour.
5.	**The industry role**	Investable models, risk discipline, flagship projects.
6.	**The call**	A narrow window; a decisive move.

KEY DATES

4 February 2026	Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 made (SI 2026/102)
February – March 2026	Major FCA consultations (CP25/40, CP25/42, CP26/4) and BoE systemic stablecoin consultation closed
H2 2026	FCA Policy Statements with final rules; BoE Codes of Practice for systemic stablecoins
30 September 2026	FCA authorisation gateway opens for cryptoasset firms
28 February 2027	FCA authorisation gateway closes
25 October 2027	Full regime commences

1. Why the UK needs a global strategic narrative now

Setting out the moment and the opportunity.

The UK already holds the core ingredients needed to lead in regulated digital-asset markets: world-class financial market infrastructure, deep institutional capital pools, a globally trusted legal system, and — as of late 2025 — statutory recognition of cryptoassets as personal property for the first time in UK law. What the UK lacks is not capability. It lacks a clearly articulated global destination.

The past nine months have seen an extraordinary volume of regulatory foundation-building. The Government has formally brought cryptoassets within the FSMA perimeter. The FCA has published close to a thousand pages of proposed rules across custody, stablecoins, trading platforms, market abuse, prudential requirements and handbook application. The Bank of England has set out its framework for systemic stablecoins. The Digital Securities Sandbox is operational, sovereign debt is being piloted on distributed ledger through the Digital Gilt Instrument, and a Synchronisation Lab is being established to test interoperability between the Bank's settlement infrastructure and DLT-based ledgers. The architecture of a new UK digital-asset system is being built — at scale and at pace.

The Government's ambition is explicit. The Chancellor has described this as a crucial step in securing the UK's position as a world leading financial centre in the digital age; the Economic Secretary has stated plainly that the Government wants the UK to be at the top of the list for cryptoasset firms looking to grow. This is not ambition in the abstract — it is a stated policy commitment, backed by primary legislation, that now demands a coherent strategic narrative to give it operational force.

The principal consultation phase is closing. The FCA is reviewing responses to its recent consultations and preparing Policy Statements with final rules. The Bank of England is finalising its approach to systemic stablecoin oversight. The authorisation gateway opens in September 2026 and the full regime goes live in October 2027. We are in the interval between policy formation and finalisation — and significant questions remain live on stablecoin backing requirements, the treatment of international firms, and transition timelines for firms operating today. The door to shape the final regime is not yet closed. But it is closing.

Without a clear statement of what the regime is intended to achieve — economically and internationally, not simply in terms of risk control — the final rules risk emerging as technically sound but strategically directionless. Policy choices on perimeter, authorisation, market integrity and stablecoins will be taken in isolation rather than in service of a shared end-state. In globally mobile digital-asset markets, that fragmentation directly determines where liquidity, talent and institutional capital concentrate.

Other jurisdictions are not waiting. The United States is advancing market-structure reform and institutional tokenisation at federal level. The European Union is embedding MiCA across its capital markets and piloting DLT infrastructure. Major Asian and Middle Eastern hubs are deploying state-backed tokenisation programmes at sovereign scale. In markets shaped by network effects, the window for establishing early credibility is not indefinite.

The UK has already decided to regulate digital assets and has stated its ambition to lead. The strategic question now — before final rules are published, while the authorisation process is being designed, and while the opportunity to shape implementation remains open — is:

> ***What role should the UK play in the global digital-asset system over the next five years — and what must the UK market look like to achieve it?***

The UK has seventeen months until the regime goes live. How the final rules are articulated, the outstanding questions resolved, and the regime communicated to global markets will shape whether the UK emerges as a hub or a hesitant participant. This is no longer a question of experimentation — it is a question of economic competitiveness, and the time to establish that narrative is now.

2. A five-year ambition for UK global leadership

Within five years — by 2031 — the UK should be recognised as:

> ***The world's most trusted jurisdiction for regulated digital assets and tokenised financial markets — combining market integrity with modern infrastructure innovation.***

By year five, the UK should demonstrably:

- Operate selected regulated 24/7 digital markets in wholesale or tokenised asset segments, building on the Digital Securities Sandbox
- Deploy atomic or near-instant settlement where it measurably reduces systemic risk and capital lock-up
- Achieve observable reductions in post-trade friction where distributed infrastructure genuinely improves efficiency
- Establish globally recognised UK flagship tokenisation, digital-securities and sterling stablecoin projects
- Integrate digital-asset markets into the UK's mainstream financial-services productivity agenda
- Provide a regulatory environment where permissionless networks and decentralised financial models can scale safely within clear principle-based boundaries

For policymakers, this directly supports:

- improved capital efficiency across markets
- stronger systemic resilience
- high-skill employment growth

- reinforcement of London's global financial leadership

3. Reframing the narrative

From "crypto risk" to infrastructure evolution — and the workstreams that make the shift credible.

For the UK to lead globally, its public narrative must evolve. Digital assets should be framed primarily as a transformation of financial market infrastructure — not a standalone speculative asset class.

The central policy question therefore becomes:

> ***How can digital infrastructure improve the functioning of the UK financial system?***

This reframing aligns priorities across institutions

- **HM Treasury** — productivity, competitiveness, market modernisation.
- **FCA** — safe innovation with clear supervisory expectations, underpinned by the live cryptoasset financial promotions regime and the forthcoming conduct, prudential and market-abuse rulebooks.
- **Bank of England** — financial-stability-compatible infrastructure evolution, including the sterling systemic stablecoin regime now moving from consultation (closed 10 February 2026) to draft Codes of Practice later in 2026.
- **Political leadership** — national economic renewal through financial leadership, with cross-party backing through the APPG on Digital Markets and Digital Money.

In practical terms, this narrative emphasises

- markets capable of operating continuously across global time zones
- reduced settlement-cycle exposure and improved collateral efficiency
- structurally lower clearing, custody and reconciliation costs
- infrastructure modernisation as a public-interest outcome
- proportionate regulatory treatment of decentralised models

However, credibility requires visible risk-management foundations. Three enabling priorities are particularly critical.

Modernising AML and market-integrity supervision for digital markets

The existing Money Laundering Regulations framework reflects analogue financial behaviours, and the current MLR registration regime will not automatically convert into FSMA authorisation when the new regime goes live in October 2027. A modernised approach should:

- distinguish clearly between infrastructure providers, intermediaries and asset-controlling entities

- treat blockchain analytics as a supervisory advantage, including for the forthcoming Market Abuse Regime for Cryptoassets (MARC)
- support proportionate evidence-based supervision rather than sector-wide de-risking
- ensure a coherent transition from MLR registration to full FSMA authorisation, minimising cliff-edge risks for compliant firms

Banking access and authorisation certainty

For global firms, two variables strongly influence jurisdictional choice: predictable authorisation timelines and reliable access to banking and payment infrastructure.

With the FCA Gateway opening on 30 September 2026 and closing on 28 February 2027, and with the FCA aiming to determine applications ahead of the 25 October 2027 commencement date, supervisory capacity, procedural clarity and adequately resourced authorisation teams are now decisive competitiveness issues, not merely operational ones. The Pre-Application Support Service (PASS), open for pre-application meeting requests since 11 May 2026 (with meetings from July), should be actively promoted as a flagship element of the UK's offer to international firms.

Clarity on DeFi, custody, stablecoins and cross-border models

Building on the FCA’s 2025–26 consultations on stablecoin issuance, cryptoasset custody, trading platforms, intermediation, lending, staking and DeFi, the UK should finalise principle-based boundaries that:

- regulate intermediaries based on control of assets or client relationships
- allow genuinely decentralised protocols without custodial control to innovate outside unnecessary regulatory capture
- clarify treatment of cross-border custody and global group structures
- align the FCA’s non-systemic stablecoin regime with the Bank of England’s systemic stablecoin regime, ensuring a smooth transition between the two as issuers scale

Alongside this, the UK should actively promote shared international taxonomies and risk frameworks supporting interoperability across major financial centres.

4. Making the strategy credible

Governance, talent and international alignment — translating ambition into institutional behaviour.

A national strategy becomes credible only when it shapes daily regulatory behaviour. The UK should publish a durable strategic statement explaining:

- what the digital-asset regime is intended to enable
- how success will be measured over a five-year horizon to 2031
- how individual regulatory decisions — across HM Treasury, the FCA and the Bank of England — contribute to that shared end-state

There must be a visibly coordinated supervisory approach linking innovation, prudential expectations and systemic-risk management. The joint BoE–FCA approach document on systemic stablecoins, expected in 2026, is an important opportunity to demonstrate this coordination in practice.

For the wider ecosystem

A structured "three-way talent bridge" between regulators, civil service and industry to deepen technical expertise — particularly critical given the volume of authorisation and supervisory work concentrated in the 2026–27 Gateway window.

Internationally

The UK should prioritise practical cooperation with the major jurisdictions on:

- stablecoin interoperability, including recognition arrangements for non-sterling systemic stablecoins
- tokenisation definitions and standards, bridging MiCA, US market-structure reforms and Asian tokenisation initiatives
- supervisory reference standards, including for market abuse and prudential treatment

Reducing fragmentation strengthens London's position as a trusted global institutional hub.

5. The role of industry and structured collaboration

What industry must bring, and how to channel it.

Government must set direction, but industry must demonstrate execution. Three industry contributions are essential.

Investable business models

Firms must demonstrate both immediate commercial sustainability and credible long-term infrastructure transformation, including through timely engagement with the FCA Gateway and the Bank of England's systemic stablecoin framework.

Risk management by design

Institutional adoption depends on robust custody, disclosure, AML, resilience and governance frameworks visibly aligned with supervisory expectations — including the forthcoming FCA prudential regime for cryptoasset firms (CP25/42) and the SM&CR "Enhanced" classification proposals for larger stablecoin issuers and custodians (CP26/4).

Flagship projects

The UK requires demonstrable tokenisation, digital-securities and sterling stablecoin success cases capable of acting as global reference models, anchored in the Digital Securities Sandbox and the incoming FSMA cryptoasset regime.

We welcome the extensive engagement already undertaken by HM Treasury, the FCA and the Bank of England through the 2025–26 consultation cycle, and the cross-party attention now coalescing around the APPG on Digital Markets and Digital Money.

GBBC stands ready to help convene structured industry engagement that:

- brings forward investable proposals
- enables supervisors to test proportionality and expectations ahead of the October 2027 commencement
- identifies candidates for flagship UK initiatives

6. Conclusion

A narrow window; a decisive move.

With legislation made, the major consultations closed, and an authorisation gateway about to open, the UK has a narrow but decisive window — roughly seventeen months — to define how regulated digital-asset markets will operate globally.

By:

- articulating a clear international destination
- framing digital assets as infrastructure modernisation
- addressing supervisory friction as enabling workstreams

— the UK can extend London's leadership into the next generation of global financial markets.

GBBC, working alongside the APPG on Digital Markets and Digital Money, stands ready to support policymakers, regulators and industry in making this vision practical, investable and internationally credible.

ABOUT US

Global Blockchain Business Council (GBBC)

The leading industry association for the blockchain and digital-asset technology ecosystem, bringing together regulators, policymakers, industry leaders and civil society to advance responsible adoption of digital assets and distributed-ledger technology.

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APPG on Digital Markets and Digital Money

A cross-party forum in the UK Parliament dedicated to informed legislative engagement on digital markets, digital money, tokenisation and the infrastructure underpinning the UK's regulated digital-asset economy.

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