

UK plans rules for some cryptocurrencies amid global effort

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An advertisement for Bitcoin cryptocurrency is displayed on a street in Hong Kong, Thursday, Feb. 17, 2022. Britain has unveiled plans to regulate some stablecoins as part of a broader plan to become a global hub for digital payments, as authorities in the U.S. and Europe race to draw up rules for cryptocurrencies. The British Treasury said Monday, April 4, 2022, that it would also work with the Royal Mint to create a digital collectible known as an NFT and introduce a set of measures aimed at attracting cryptocurrency companies. Credit: AP Photo/Kin Cheung, File

Britain has unveiled plans to regulate some cryptocurrencies as part of a broader plan to become a global hub for digital payments, coming as authorities in the U.S. and Europe are racing to draw up rules for crypto.

Cryptocurrencies have exploded in popularity, leaving officials worldwide scrambling to figure out how to regulate them amid fears they could threaten [financial stability](#) and hurt consumers.

"The U.K. is open for business—open for [crypto](#) businesses," John Glen, economic secretary to the Treasury, said in a speech Monday.

Treasury chief Rishi Sunak also has asked the Royal Mint to create a digital collectible known as an NFT as an "emblem of the forward-looking approach the U.K. is determined to take," Glen said.

Crypto proponents say the technology will make payments faster, easier and more transparent, while skeptics worry it could be used for [illegal activity](#) like money laundering and contribute to [carbon emissions](#) because of the heavy computing power needed to process transactions.

Last month, the United States stepped up government oversight of cryptocurrency while European Union lawmakers agreed on [draft rules](#) for cryptoassets.

Glen said the government plans to update laws on payments to include a type of cryptocurrency called stablecoins to encourage issuers and service providers to operate and grow in the U.K. Stablecoins are usually tied to the dollar or a commodity such as gold, making them a lot less volatile than normal cryptocurrencies like bitcoin, which can swing wildly in value.



A Bitcoin logo is displayed on an ATM in Hong Kong, Thursday, Dec. 21, 2017. Britain has unveiled plans to regulate some stablecoins as part of a broader plan to become a global hub for digital payments, as authorities in the U.S. and Europe race to draw up rules for cryptocurrencies. The British Treasury said Monday, April 4, 2022, that it would also work with the Royal Mint to create a digital collectible known as an NFT and introduce a set of measures aimed at attracting cryptocurrency companies. Credit: AP Photo/Kin Cheung, File



Britain's Chancellor Rishi Sunak arrives to attend a Service of Thanksgiving for the life of Prince Philip, Duke of Edinburgh at Westminster Abbey in London, Tuesday, March 29, 2022. Britain has unveiled plans to regulate some stablecoins as part of a broader plan to become a global hub for digital payments, as authorities in the U.S. and Europe race to draw up rules for cryptocurrencies. The British Treasury said Monday, April 4, 2022, that it would also work with the Royal Mint to create a digital collectible known as an NFT and introduce a set of measures aimed at attracting cryptocurrency companies. Credit: AP Photo/Matt Dunham, File

"This will also enable consumers to use stablecoin [payment](#) services with confidence," Glen said, without specifying which stablecoins would be regulated.

There are more than 200 stablecoins, and two of the biggest are Tether and USD Coin. Stablecoins are often used to pay fees on cryptocurrency trading exchanges or send payments across borders.

Sunak has commissioned the Royal Mint to create a non-fungible token, or NFT, by the summer. NFTs use a version of encryption technology known as the blockchain to create one-of-a-kind digital objects like artwork or sports memorabilia, which are sometimes sold for millions of dollars.

There are also plans to explore the idea of using crypto technology to issue U.K. government debt.

The government is now looking at "regulating a broader set of crypto activities including trading of tokens like bitcoin," with a consultation expected later this year, Glen said.

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