

UK clamps down on cryptocurrency sector

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Under the new rules, companies promoting crypto products or services in Britain must from October give a clear warning that customers could lose money in "high risk" investments.

Britain's financial regulator on Thursday tightened rules over the promotion and selling of cryptocurrency as it seeks to protect consumers.

The Financial Conduct Authority (FCA) unveiled a package of measures for the industry, which has long faced criticism over the lack of oversight—and promises of high returns in a volatile marketplace.

Under the new rules, companies promoting [crypto](#) products or services in Britain must from October give a "clear warning" that customers could lose money in "high risk" investments.

Marketing firms must also introduce a cooling-off period for first-time crypto investors.

And the watchdog will also ban "refer a friend" bonuses that are designed to incentivise crypto investing.

"Our rules give people the time and the right risk warnings to make an informed choice," said Sheldon Mills, head of consumers and competition at the FCA.

The announcement comes after Britain introduced legislation earlier this year to bring crypto promotions under the scope of the FCA.

UK lawmakers are also demanding that crypto investments in Britain be regulated, in much the same way as the country's gambling industry.

Reacting to the FCA announcement, director of operations at industry group CryptoUK, Su Carpenter, said the new rules could prevent fresh entrants.

"There is a risk that this solution will both unfairly concentrate market power for those firms which are already authorized and potentially encourage unauthorized [firms](#) to operate from outside of the UK," Carpenter said.

That could in turn create "a competitive disadvantage for UK-based organizations and also potentially undermining consumer safeguards", she added in a statement.

The FCA clampdown follows moves toward tighter regulation in the United States.

The Securities and Exchange Commission on Tuesday sued crypto platform Coinbase, charging that the largest US digital currency trading platform made billions of dollars by "unlawfully facilitating the buying and selling of crypto asset securities".

The SEC has this week also unveiled charges against Coinbase peer Binance and its founder Changpeng Zhao for numerous alleged securities law violations.

The news follows the spectacular failure of crypto exchange giant FTX in November, stoking concern over a market dubbed by some critics as the "Wild West".

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