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30 April 2026

Financial Conduct Authority
12 Endeavour Square
London E20 1JN

For the attention of: Executive Director of Enforcement and Market Oversight

Dear Sir or Madam,

Re: Misleading public communication regarding peer-to-peer cryptoasset trading — FCA statement of 22 April 2026

I write in my capacity as an independent Bitcoin technology consultant to register a formal objection to the public communication issued by the FCA on 22 April 2026 concerning the coordinated enforcement action against unregistered peer-to-peer cryptoasset trading. I would like this objection to be formally noted, and I am requesting that the FCA issue corrected public guidance.

My objection concerns the following text, published on the FCA's official account on the platform X (formerly known as Twitter) on 22 April 2026 (https://x.com/TheFCA/status/2046953080680317016):

> *"Peer-to-peer trading is when individuals buy and sell crypto directly with each other, rather than using a centralised exchange. Any unregistered peer-to-peer crypto traders operating in the UK are doing so illegally."*

This statement, read on its most natural construction, is false. It conveys to the reading public that any individual who buys or sells cryptoassets directly with another individual, without FCA registration, is acting unlawfully. That is not the legal position. The registration requirement under Regulations 8L, 9 and 14A of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 applies only to persons carrying on the relevant activities *by way of business*. Private individuals transacting occasionally between themselves are not captured by the regime, and the FCA's own guidance page "Cryptoassets: Who needs to register" correctly articulates this position, including the multi-factor test the FCA applies to determine whether an activity is being carried on by way of business.

The structural problem with the statement is not incidental. The first sentence expressly defines "peer-to-peer trading" by reference to counterparty structure alone — individuals transacting directly rather than via a centralised exchange — with no mention of commerciality, frequency, holding out, or any of the factors that the FCA itself treats as determinative of whether activity is caught by the MLRs. The second sentence then asserts that any unregistered "peer-to-peer crypto traders" are acting illegally. Because the preceding sentence has just fixed the meaning of "trading," the derived noun "traders" cannot reasonably be read as referring to anything narrower than those engaged in the activity as just defined. The ordinary reader is accordingly led to a conclusion that is legally incorrect.

I recognise that the word "traders" carries, in some financial-regulatory contexts, a connotation of commercial activity. I do not find that a persuasive defence of this particular communication. Where a public body defines a term in one sentence and uses its derived noun form in the immediately

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following sentence, it cannot reasonably disclaim responsibility for the ordinary reader applying the stated definition to the derived term. The defence would require the reader to silently override a definition the FCA has just given them, in favour of a narrower meaning not indicated in the text. That is not a reasonable expectation to place on the public.

The concern is compounded by the fact that the definitional sentence serves no independent communicative purpose. The meaning of “peer-to-peer trading” is well understood by anyone reading an FCA crypto enforcement statement, and the definition adds no information a reader could not already supply. Its inclusion appears to function principally to broaden the apparent scope of the following sentence. Whether or not that was the drafter’s intent, it is the effect, and it produces a public impression of the law that is materially inaccurate.

I would also draw attention to a related concern. The statement that unregistered peer-to-peer crypto traders are “doing so illegally” carries the implicit suggestion that registration is an available route to compliance. The FCA has publicly confirmed that there are no registered peer-to-peer crypto traders or platforms currently operating in the United Kingdom, and the registration pathway has, in practice, been effectively closed to applicants in this category. A communication that describes activity as illegal by reference to the absence of a registration that is not practically available to the persons concerned ought, in fairness, to say so.

The asymmetry here is significant. A market participant who misrepresented its regulatory status in public communications to consumers would, rightly, face enforcement action from the FCA. When the FCA misrepresents the scope of its own rules in public communications, there is no equivalent accountability mechanism. That asymmetry is a reason for the FCA’s public statements to be held to a *higher* standard of precision than those of the firms it supervises, not a lower one. The communication of 22 April does not meet that standard.

I would therefore ask the FCA to:

1. Formally acknowledge receipt of this objection and note it on the relevant file.
2. Issue a corrected or clarifying public statement that accurately reflects the “by way of business” qualification central to the registration requirement, so that private individuals are not led to believe their lawful activity is unlawful.

I do not expect the enforcement action itself to be revisited on the basis of this letter, and that is not what I am asking for. The persons targeted in the 22 April operation appear, from the public reporting, to have been running commercial operations of a scale plainly within the MLR perimeter. My objection is to the public communication about that action, not the action itself.

I would be grateful for a written acknowledgement in due course.

Yours faithfully,

Ben de Waal
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