

FCA Reopens Limited Access to Crypto-Backed ETNs for UK Retail Investors

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The Financial Conduct Authority (FCA) has lifted its longstanding ban on crypto exchange-traded notes (cETNs) for retail investors, marking a significant shift in the UK's approach to crypto-linked investment products. Retail investors will now be permitted limited access to certain cETNs, provided they are traded on UK-based, FCA-recognised investment exchanges. The move follows a regulatory consultation launched in June 2025.

Originally introduced in response to concerns about consumer harm and high volatility, the FCA's 2021 prohibition on cETNs for retail clients aimed to reduce exposure to what the regulator considered high-risk investments. However, with market maturity improving and regulatory oversight strengthening, the FCA has decided to reintroduce access under stricter conditions. The updated rules stipulate that cETNs must be listed on a recognised investment exchange, such as Cboe Europe or the London Stock Exchange, ensuring that only vetted platforms are permitted to offer these products to retail clients.

Additionally, the revised framework imposes clear financial promotion standards on firms offering cETNs. Providers are required to deliver transparent, comprehensible information while avoiding misleading or inappropriate incentives. These measures are designed to ensure that retail investors can make informed decisions without being swayed by aggressive marketing tactics.

The new policy also falls under the scope of the FCA's Consumer Duty, which holds financial services firms to higher standards regarding customer treatment. This includes ensuring products meet the needs of intended consumers and that communication is fair, clear, and not misleading.

While the FCA maintains its cautious stance on crypto assets, the regulatory body recognises the evolving landscape of financial instruments and aims to balance innovation with investor protection. The decision opens the door to increased retail participation in the crypto-linked investment space, albeit in a carefully controlled environment.