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United Kingdom
Blockchain & Crypto Assets

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United Kingdom: Blockchain & Crypto Assets

1. Please provide a high-level overview of the blockchain market in your jurisdiction. In what business or public sectors are you seeing blockchain or other distributed ledger technologies being adopted?

Distributed ledger technology ("**DLT**"), of which blockchain is a subset, has been applied in diverse sectors across the UK, from financial technology to security, energy, healthcare, transport and logistics, and real estate. Most innovation in recent years has focused on DLT's application in financial services, initially as part of the cryptoasset boom, and more recently as market participants explore how DLT could improve 'back office' efficiencies, clearing and settlement and payment systems.

The UK has continued to warm to DLT and, more specifically, cryptoassets, in the past year. Institutional players are increasingly seeking to capitalise on renewed momentum in the sector, as the domestic regulatory framework for cryptoassets settles and the government seeks to establish the UK as a leading hub for digital assets. This year, tokenisation has been a key industry focus, discussed in greater detail in Question 8.

Exploration of tokenised commercial bank deposits, in particular, forms part of the Bank of England's vision for an innovative, vibrant 'multi-money' system, characterised by choice across different forms of money and payment. This multi-money system could also incorporate a central bank digital currency ("**CBDC**", discussed at Question 4), and stablecoins. UK Finance's Great British Tokenised Deposits project is one example of a successful tokenised deposit project. Internationally, the Bank of England is participating in Project Agorá, an initiative led by the Bank for International Settlements Innovation Hub involving seven central banks and over forty financial institutions. Both Project Agorá and the Great British Tokenised Deposits project have advanced from proof-of-concept projects, to live scenario testing.

Other notable developments include the government's progress towards issuing a Digital Gilt Instrument ("**DIGIT**"), an entirely new, digitally native, UK government debt instrument that will be issued on a platform held within the Digital Securities Sandbox ("**DSS**", discussed at Questions 3 and 8).

In terms of volume and amount, decentralised finance ("**DeFi**") activities – where smart contract functionality is leveraged to facilitate use cases such as margin trading, lending and borrowing – remain only a small part of the broader cryptoasset market, although interest in this area has increased in recent years.

Retail participation, however, has softened: the latest Financial Conduct Authority ("**FCA**") consumer research, published in December 2025, estimates that 8% of UK adults own cryptoassets, down from 12% in the previous review. This is nonetheless twice the 4% figure recorded in 2021. Awareness of cryptoassets amongst UK adults remains high, at 91%.

2. Please outline the principal legislation and the regulators most relevant to the use of blockchain technologies in your jurisdiction. In particular, is there any blockchain-specific legislation or are there any blockchain-specific regulatory frameworks in your jurisdiction, either now or envisaged in the short or mid-term?

The unique attributes of blockchain are increasingly addressed at law and through regulation, in keeping with a growth in use cases. The Property (Digital Assets etc) Act received Royal Assent and came into force on 2 December 2025. It establishes in statute the common law position that cryptoassets are capable of attracting personal property rights, aligning the legal position with parties' expectations.

While there is still no blockchain-specific legislation in the UK, the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 (SI 2026/102) ("**Cryptoasset Regulations**") were made on 4 February 2026, amending the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (the "**RAO**"). Full commencement of the regime will occur on 25 October 2027, with the FCA having published its final rules and guidance on 30 June 2026. We examine this development more closely in Question 5.

3. What is the current attitude of the government and of regulators to the use of blockchain

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technology in your jurisdiction?

The relevant financial regulators – the Bank of England, the Prudential Regulation Authority ("**PRA**") and the FCA – have taken an active approach to the regulation of DLT-reliant cryptoassets, seeking to mitigate potential risks to financial stability and consumers through their consultative and policymaking work in relation to the incoming cryptoasset regime. Other active bodies include the Information Commission's Office (the UK's data privacy regulator) and HM Revenue & Customs ("**HMRC**") (the UK's tax, payments and customs authority). Where DLT adoption has been slow, regulatory engagement has been more limited.

The UK government's Wholesale Financial Markets Digital Strategy, published in July 2025, declared the government and regulators open to proposals that innovate on existing forms of payment (such as tokenised deposits and stablecoins). The document suggested that the tokenisation of assets could deliver a step change in market efficiency, and championed the government's work towards realising issuance of a DIGIT. Beyond the world of financial services, there has been consistent funding for DLT projects from government-led Innovate UK over the past few years, with goals as diverse as making digital advertising more accountable to preserving and promoting cultural heritage.

The financial regulators have taken a balanced approach to the development of DLT in the financial services sector, seeking to ensure that consumers are protected, that businesses are able to innovate, and that markets function well. For example, they have supported the development of DLT through sandbox initiatives – most recently embracing HM Treasury's new DSS which will facilitate the issuance, trading and settlement of securities using DLT and be operational until December 2028 – and held industry-focused 'Crypto Sprint' events to seek views on what an appropriate regulatory regime might look like.

Balancing this growth-driven desire for innovation, the financial regulators also consistently highlight the risks that the cryptoasset market poses to both consumers and financial stability, and have intervened where their powers permit them to do so (most recently, to crack down on "finfluencers" promoting harmful cryptoasset products online via social media).

The Information Commission's Office has adopted a similarly measured approach to DLT, working with the FCA to assess the regulatory risks and opportunities of Web 3.0 while also communicating potential concerns for data protection associated with the operation of distributed ledgers.

4. Is there a central bank digital currency ('CBDC') project in your jurisdiction? If so, what is the status of the project?

Over the past few years, the Bank of England and HM Treasury have been exploring the viability of a UK retail CBDC (or the 'digital pound') for use by households and businesses for their everyday payment needs. The Bank of England has cited its primary motivations as supporting the singleness of money, ensuring that the public always has the option to hold central bank money against a backdrop of declining cash use, and promoting innovation, choice and efficiency in payments in an increasingly digital economy.

However, with alternative digital currencies and payment instruments (most notably, stablecoins) showing increasing promise as viable technologies, no clear decision has yet been made on whether to implement a digital pound, which is currently in its design phase, or whether (if implemented) the core ledger underpinning the digital pound would make use of DLT. Publication of a detailed blueprint for a digital pound and a joint assessment by the Bank of England and HM Treasury are expected in 2026, ahead of a decision on next steps. Notably, the government has committed to introducing primary legislation, preceded by further public consultation, before the launch of a digital pound, which means that both Houses of Parliament would have to pass the relevant legislation. This legislation would safeguard users' privacy, and would seek to guarantee that neither the Bank of England nor government would be able to access users' personal information or control how households and businesses use their money.

Despite some degree of uncertainty, the Bank's CBDC experimental programme has advanced considerably. In August 2025 the Bank launched the Digital Pound Lab, a platform for industry to test use cases and potential business models. Phase 1 tested defined use cases (including trusted credentials, allowances and locks), with results showcased in January 2026. Phase 2, which invited participants to propose their own innovative use cases, ran to July 2026. The Bank has also published a series of design notes covering interoperability models, product strategy, intermediary roles, offline payments and alias services, setting out its emerging thinking on specific design questions.

Certain design features have proved controversial. The Bank of England has proposed a per-person holding limit of between £10,000 and £20,000, at least during an

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introductory period, to mitigate the risk of large-scale deposit flight from commercial banks. The Treasury Committee has suggested that an even lower initial cap may be prudent. Privacy has also been a prominent concern: the Bank's 2023 consultation attracted some 50,000 responses, many focused on the potential for government surveillance of personal transactions. While the Bank and HM Treasury have confirmed that neither would have access to users' personal data, and that primary legislation would enshrine privacy safeguards, concerns persist. The Bank has further confirmed that it will not itself implement programmable restrictions on how digital pounds can be spent, although private-sector wallet providers could offer programmable payment features with user consent.

5. What is the current approach in your jurisdiction to the treatment of cryptoassets and decentralised finance ('DeFi') for the purposes of financial regulation?

The Cryptoasset Regulations, made on 4 February 2026, bring a broad range of cryptoasset activities within the existing Financial Services and Markets Act 2000 ("**FSMA**") framework. The Regulations amend the RAO to define the principal categories of cryptoassets ("qualifying cryptoassets", "qualifying stablecoins" and "specified investment cryptoassets") and to designate new regulated activities. These include: (i) safeguarding qualifying cryptoassets, (ii) operating a qualifying cryptoasset trading platform, (iii) dealing in qualifying cryptoassets as principal or agent, (iv) arranging deals in qualifying cryptoassets, (v) qualifying cryptoasset staking and (vi) stablecoin issuance. The regime commences in full on 25 October 2027, at which point firms carrying on those activities by way of business will require FCA authorisation (although the FCA encourages these businesses to apply for authorisation well in advance of the regime commencement date, to be ready for the regime going live). This approach will broadly phase out the registration regime that currently exists for cryptoasset exchange providers and custodian wallet providers under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("**MLRs**") (see more at Question 6), as firms authorised under FSMA will no longer need to register under the MLRs (avoiding dual registration). Notably, the government has decided not to amend the Payment Services Regulations 2017 to bring UK-issued stablecoins into the regulatory perimeter for payments at this time, instead dealing with them under the FSMA framework.

On 30 June 2026 the FCA published its final rules and guidance across five policy statements:

- PS26/9: the admissions and disclosures framework and the market abuse regime for cryptoassets;
- PS26/10: rules for qualifying stablecoin issuance, including backing-asset composition, redemption requirements and safeguarding;
- PS26/11: activity-specific requirements for trading platforms, intermediaries, custodians, lending and borrowing, and staking;
- PS26/12: the prudential regime for cryptoasset firms; and
- PS26/13: guidance on the application of the wider FCA Handbook to regulated cryptoasset activities.

DeFi activities are not covered by the new cryptoasset regime where they are truly decentralised; that is, if there is no person that could be seen to be undertaking a regulated activity by way of business, then requirements to seek authorisation will not be applicable. The FCA will determine in any given case whether there is a sufficiently controlling party or parties that ought to be subject to the requirement to seek authorisation under FSMA. To this end, the FCA has indicated that decentralised features do not by themselves place an activity outside the regulatory perimeter. In October 2026, the FCA published a guidance consultation (GC26/7) containing draft DeFi guidance. The consultation closes on 18 November 2026, with final guidance planned for early 2027.

It is worth noting that, at present, certain activities relating to DeFi possibly fall within the scope of existing regulations (such as the financial promotions regime).

6. What is the current approach in your jurisdiction to the treatment of cryptoassets and DeFi for the purposes of anti-money laundering and sanctions?

The MLRs brought cryptoasset exchange providers and custodian wallet providers within the scope of anti-money laundering and counter-terrorist financing regulation. These businesses were required to register with the FCA and implement anti-money laundering and counter-terrorist financing policies, controls and procedures. Under the MLRs, it is necessary to obtain FCA approval before acquiring or increasing control over an FCA-registered crypto firm – acting as a transitional change in control regime prior to the launch of the

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Cryptoasset Regulations.

As noted above, MLR registration will not be separately required for firms authorised under FSMA once the Cryptoasset Regulations come into force on 25 October 2027. AML obligations for authorised firms will instead derive from the FSMA framework (including the FCA's Senior Management Arrangements, Systems and Controls sourcebook (SYSC) and the Financial Crime Guide, both set out in the FCA Handbook).

The UK's financial sanctions regime, implemented and enforced by the Office of Financial Sanctions Implementation ("**OFSI**"), does not differentiate between cryptoassets and other forms of assets. Cryptoasset exchange providers and custodian wallet providers have been within the scope of sanctions reporting obligations since 30 August 2022. OFSI has recently increased its operational focus on cryptoassets: in January 2026 it announced its collaboration with the Crypto Cash Fusion Cell, a multi-agency initiative bringing together the National Crime Agency, Metropolitan Police Service, HMRC, the FCA, City of London Police and OFSI, leading to action against potential sanctions breaches involving cryptoassets by UK-based individuals.

Since 1 September 2023 the so-called 'Travel Rule' has required cryptoasset businesses in the UK to collect, verify and share information about cryptoasset transfers. The Economic Crime and Corporate Transparency Act 2023 provided additional powers to law enforcement to facilitate quicker and easier seizure and recovery of cryptoassets which are the proceeds of crime or associated with illicit activity such as money laundering, fraud or ransomware attacks.

7. What is the current approach in your jurisdiction to the treatment of cryptoassets and DeFi for the purposes of taxation?

The UK does not have a complete set of tax rules for cryptoassets and DeFi transactions. Rather, general principles of UK tax law must be applied, supplemented with the Cryptoassets Manual, published in March 2021 (and most recently updated in November 2025) by the UK's tax authority, HMRC. As with all other HMRC guidance, however, the Cryptoassets Manual does not carry the same binding effect as legislation and, as such, aspects of the tax treatment of cryptoassets and DeFi remain uncertain.

HMRC's guidance considers that cryptoassets are not money or currency. Therefore, in HMRC's current view, the tax rules that apply to money or currency should not apply to cryptoassets. It also follows that there cannot be a money debt arising from a transaction for the lending of money where cryptoassets are not considered money. This means that, generally, the loan relationship rules would not apply to cryptoassets.

Following a Call for Evidence on the taxation of stablecoins, however, the government published draft legislation in July 2026 which would treat stablecoins more like money, and confirmed at the Autumn Budget on 28 October 2026 that this draft legislation is to be included in Finance Bill 2026-27. Eligible stablecoins will be treated as a money debt and the lending of such stablecoins as a transaction for the lending of money. These rules are intended to have effect for companies from 1 April 2027 (which will be taxed under the loan relationship rules, broadly by reference to accounting profits and losses) and from 6 April 2027 for individuals and trustees. For individuals, eligible stablecoins will be exempt from capital gains tax ("**CGT**") and interest-like returns from eligible stablecoins will be taxed in the same way as interest. The withholding tax rules for yearly interest are also to be extended to such returns. Transitional rules will apply to existing holdings on commencement.

If the cryptoasset activities of an individual or business amount to taxable trading, any trading profits will be taxable as income within the scope of income tax (individuals) or corporation tax (businesses). In April 2022 the investment managers exemption was extended to include cryptoasset transactions, providing certainty of tax treatment to UK investment managers and their non-UK resident investors who seek to include cryptoassets within their portfolios. If cryptoasset activities do not amount to trading, then the individual or business concerned will need to determine whether any profits or losses are capital in nature (and therefore, within the scope of CGT for individuals or corporation tax for businesses) or income in nature (and therefore taxable as miscellaneous income). In April 2023 the government consulted on proposals to disregard from CGT any disposal of beneficial interest occurring when cryptoassets are staked or lent as part of a DeFi transaction. The outcome was published on 26 November 2025, along with a proposal to introduce a bespoke "no gain, no loss" framework for these transactions. This would effectively defer CGT to avoid dry tax charges. Draft legislation was published on 13 July 2026, and the government confirmed at the Autumn Budget 2026 that it will be included in Finance Bill 2026-27 with effect from 6 April 2027. The rules will cover qualifying cryptoasset lending, borrowing and liquidity pool arrangements, with gains and losses generally deferred until an economic

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disposal occurs. The measure will amend the current law for individuals and trustees only. Furthermore, in cases of businesses undertaking transactions involving cryptoasset exchange tokens, these may attract further taxes such as pay as you earn ("**PAYE**") and national insurance contributions (for example, if an employee is paid in exchange tokens, this will normally give rise to the same PAYE/national insurance obligations as a cash payment).

In the context of stamp taxes, HMRC's guidance considers that exchange tokens would not be likely to meet the definition of "stock or marketable securities" or "chargeable securities", but this will be considered on a case-by-case basis. Where cryptoassets are used as consideration for the sale of stock, securities or shares, then any stamp taxes due would be calculated by reference to the sterling value of the cryptoassets on the date when the charge arose. However, HMRC's guidance considers that exchange tokens would be chargeable consideration for the purposes of stamp duty reserve tax ("**SDRT**"), but not typically for the purposes of stamp duty unless the tokens are treated as debt. As a result, the charge to SDRT would appear to be franked where an instrument of transfer is used and there is no chargeable consideration for stamp duty purposes.

For value added tax ("**VAT**") purposes, an exchange of a cryptocurrency for a fiat currency is an exempt supply (as are financial services provided by a cryptocurrency exchange in facilitating the exchange of a cryptocurrency for a fiat currency or other exchange tokens). However, where a cryptocurrency is used to pay for goods and services, VAT will still be chargeable on the supply of those goods or services in accordance with the rules on barter transactions (i.e., the value of the supply will be the sterling value of the cryptocurrency at the point the transaction takes place), but will not be due on the supply of the cryptocurrency itself.

HMRC's guidance considers that cryptocurrencies are property for inheritance tax purposes and therefore potentially subject to inheritance tax.

In June 2025 the Reporting Cryptoasset Service Providers (Due Diligence and Reporting Requirements) Regulations 2025 (SI 2025/744) were made. They came into force on 1 January 2026. These regulations were introduced to implement the OECD's Crypto-Asset Reporting Framework rules and require UK reporting cryptoasset service providers to collect certain information from customers and pass this on to HMRC for exchange with other implementing jurisdictions, with the aim of combating offshore tax avoidance and evasion. The UK has also extended the rules to domestic reporting on UK tax resident users. First reports, covering the 2026 calendar year, are due by 31 May 2027. Penalties of up to £300 per user may apply for non-compliance.

8. What is the current approach in your jurisdiction to retail and wholesale tokenisation projects?

Tokenisation has become a priority for both the UK government and the financial regulators, with proposals cutting across retail and wholesale markets. In April 2026, HM Treasury appointed Chris Woolard CBE as the UK's first Wholesale Digital Markets Champion, tasked with coordinating the financial sector's adoption of tokenisation and related technology; his first report, published in July 2026, sets out a delivery roadmap for tokenisation, including nine cross-industry Taskforce Action Groups.

In May 2026, the FCA and the Bank of England published a shared vision for tokenisation in UK wholesale markets, alongside a Call for Input discussing how existing rules and infrastructure support or constrain the safe use of the technology, with a view to developing a joint roadmap for digital wholesale markets. Several firms are now working with the regulators on the live issuance and settlement of tokenised assets through the DSS (see Question 3). Sixteen firms are participating, and in July 2026 HSBC Bank plc became the first to achieve go-live approval, operating as a Digital Securities Depository for digitally native bond issuance, servicing and settlement. The DSS is also the vehicle through which HM Treasury's DIGIT will be issued. HSBC Orion was appointed as DIGIT platform provider in February 2026, with the first issuance expected in early 2027. If delivered, this would make the UK the first G7 nation to issue a sovereign digital bond.

The Bank of England has also committed to enabling tokenised equivalents of already eligible assets to be used as collateral at central counterparties and in its own central bank operations. In addition, the Bank has consulted on extending settlement hours for its Real-Time Gross Settlement ("**RTGS**") service and the Clearing House Automated Payment System ("**CHAPS**") towards near 24/7 settlement, with the objective of supporting cross-border payments and new settlement models as tokenisation develops.

As part of this broader infrastructure programme, the Bank has committed to launching a live synchronisation service targeted for 2028, which would enable the instantaneous, conditional settlement of assets held on external ledgers (including DLT-based ledgers) against central bank money held in RTGS accounts. In

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preparation, the 'Synchronisation Lab' – a non-live testing environment in which 18 organisations are testing a range of use cases (from tokenised securities settlement to housing transactions and stablecoin issuance) – launched in spring 2026.

On the prudential side, the PRA published a Dear CEO letter in May 2026 confirming that tokenised traditional assets should generally receive the same prudential treatment as their non-tokenised equivalents where the legal rights conferred are identical and the underlying risks are comparable, consistent with a "same risk, same regulatory outcome" principle. The PRA also issued a separate Dear CEO letter clarifying expectations on innovations in deposits, e-money and stablecoins, confirming that tokenised deposits may be offered to retail customers provided they meet depositor protection rules (*i.e.*, that issuance of e-money or stablecoins within groups should take place through separate, non-deposit taking and insolvency-remote entities).

In a more retail-facing context, the Great British Tokenised Deposits project – involving Barclays, HSBC, Lloyds, Nationwide, NatWest and Santander – is testing retail-facing tokenised deposit use cases including person-to-person marketplace payments and remortgaging, continuing through 2026. The FCA has also published a policy statement on fund tokenisation (PS26/7), setting out guidance on how authorised fund managers can employ DLT within the current regulatory framework.

9. Are there any prohibitions on the use or trading of cryptoassets in your jurisdiction? If permitted, is cryptoasset trading common?

The Cryptoasset Regulations fundamentally reshape the landscape for cryptoasset trading in the UK. From 25 October 2027, firms carrying on regulated cryptoasset activities will require FCA authorisation under FSMA. Carrying on those activities without authorisation will constitute a criminal offence. A transitional regime applies: firms that submit applications during the authorisation gateway (open from 30 September 2026 to 28 February 2027) may continue specified activities pending a determination on their application, but firms that miss the window will generally need to cease regulated cryptoasset activity until authorised.

The FCA's ban on the retail sale, marketing and distribution of cryptoasset derivatives (including futures and options referencing cryptoassets) has been in place since January 2021 and continues to apply. However, in October 2025, the FCA lifted its ban on retail access to cryptoasset exchange-traded notes ("**ETNs**") where admitted to a UK recognised investment exchange, and has indicated it will keep its position on retail access to ETNs and derivatives under review as the broader regulatory regime beds in.

The lifting of the ETN ban has coincided with a notable broadening of retail access to cryptoassets via established UK investment platforms. Several mainstream retail platforms (including Hargreaves Lansdown, IG and others) have either begun offering, or announced plans to offer, cryptoasset trading or cryptoasset ETN access to their retail client base. This marks a significant shift: whereas cryptoasset trading was previously the domain of specialist crypto-native exchanges, it is now increasingly available through platforms already well known to ordinary UK retail investors. The FCA's new regime, including the application of the Consumer Duty and client asset protections to authorised cryptoasset firms, is designed in part to support this mainstreaming of access while ensuring appropriate safeguards. That said, the FCA continues to emphasise that cryptoassets remain high-risk investments and that consumers should be prepared to lose all the money they invest.

Further, as discussed in our answer to Question 5 above, there are prohibitions on cryptoasset firms promoting "qualifying cryptoassets" unless: (i) the promotion is communicated or approved by an FCA-authorised person (subject to the gateway regime for authorised persons approving financial promotions); (ii) the firm is registered with the FCA under the MLRs, or communicated on behalf of such a registered firm provided that the communication is a non-real time financial promotion and the registered firm prepared its content; or (iii) the promotion otherwise complies with the conditions of an exemption from the financial promotions regime.

10. To what extent have initial coin offerings ('ICOs') taken place in your jurisdiction and what has been the attitude of relevant authorities to ICOs? If permissible, what are the key requirements that an entity would need to comply with when launching an ICO?

Until the new cryptoasset regime commences on 25 October 2027, there remain no overarching laws imposing legal and/or regulatory requirements on the activity of launching an ICO. Whether an ICO will be subject to regulatory requirements is determined on a case-by-case basis, including by reference to whether the coin in question could be categorised as a security or e-money.

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Most offerings will likely be captured by the financial promotions restriction, pursuant to section 21 of FSMA (see Question 9). In any event, all ICOs will be subject to generally applicable laws such as those concerning taxation, the sale of goods, trading standards, and laws preventing the deception of consumers/investors.

During the ICO peak of 2017-2018 regulators adopted a relatively sceptical approach towards ICOs, urging caution on the part of investors and declaring ICOs as high risk. This has not changed in subsequent years; many so-called "memecoin" offerings (constituting a non-negligible proportion of new coins on the retail market) have proven to be detrimental to consumers in the long run, although they continue to attract retail interest.

The Cryptoasset Regulations introduce a prohibition on making a public offer of a qualifying cryptoasset in the UK unless the offer falls within a prescribed exception, the contravention of which is a criminal offence. In terms of requirements to be considered prior to an ICO, the FCA's final admissions and disclosures framework (PS26/9, published 30 June 2026) requires that before a qualifying cryptoasset (other than a UK-issued qualifying stablecoin) can be admitted to trading on a retail UK qualifying cryptoasset trading platform, the platform must conduct due diligence and ensure that a qualifying cryptoasset disclosure document ("**QCDD**") has been prepared and published. The QCDD must contain information necessary for an investor to make an informed assessment of the cryptoasset's features. Platforms must also set and publish admission criteria, assess whether the cryptoasset would be detrimental to retail investors, and reject it if so. In September 2026, the FCA launched a consultation (CP26/32) on deferral arrangements for cryptoassets already in circulation at the point the regime comes into force.

11. Are there any legal or regulatory issues concerning the transfer of title to or the granting of security over cryptoassets?

The main challenge from an English law perspective stemmed from the fact that, historically, the courts have generally refused to recognise information and data as property. The traditional definition of property under English law included only real property (land) or personal property (either tangible property/a thing in possession or a chose in action/thing in action, which is an intangible legal right to possess something that can be enforced by an action in court). Consequently, cryptographic tokens and virtual assets, which exist simply as information data on a distributed ledger or blockchain, did not fall within the historic definition of property under English law.

The English courts did, however, start to develop the common law to accommodate virtual assets within the definition of personal property. In September 2024 a ruling by the High Court of England and Wales ("**EWHC**") confirmed that a stablecoin could attract property rights. This judgment confirmed the position articulated in a line of recent preceding case law. For example, in February 2023 the Court of Appeal confirmed that cryptoassets are capable of being things to which personal property rights can attach, whilst another EWHC judgment in April 2022 affirmed that NFTs were legal property over which a proprietary freezing injunction could be ordered.

Most recently, Parliament decided to formally recognise this development in the common law in statute with the Property (Digital Assets etc) Act, which came into force in December 2025. The Act does not seek to enumerate specific new forms of property, but rather simply seeks to confirm where the courts had reached in the development of the common law, by stating that something is not prevented from being personal property merely because it is neither a thing in possession nor a thing in action. Following the Act coming into force, the EWHC has confirmed in cases in March and June 2026 that Bitcoin can be considered property under English law. In summary, the recent statutory and common law developments have done away with much of the uncertainty in English law around the recognition of cryptoassets as property. As a consequence, it is therefore also tolerably clear that it is possible to transfer title to or grant security over cryptoassets in the same way as other forms of property.

12. How are smart contracts characterised within your legal framework? Are there any enforceability issues specific to the operation of smart contracts which do not arise in the case of traditional legal contracts?

Despite the English courts not having specifically ruled on the issue of the enforceability of smart contracts, English law is generally recognised as being able to accommodate smart contracts. In November 2021 the Law Commission published a paper containing advice to the UK government confirming that the current legal framework in England and Wales is capable of facilitating and supporting the use of smart contracts, without the need for statutory law reform. This conclusion has not been revisited since.

In its report, the Law Commission highlighted the

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following issues that may contribute to disputes over smart contracts if not adequately considered in advance by the parties:

- the role of code within the smart contract and, in particular, whether the code is intended both to define contractual obligations and perform them, or just perform them;
- the relationship between any natural language and code (and, in particular, which takes precedence in the event of a conflict); and
- the role of non-executable comments in the code and whether these should be considered to have the effect of contractual terms.

The Law Commission also identified a number of practical issues with resolving disputes in relation to smart contracts. For example, depending on the platform used for the smart contract, it may not be possible to unwind the parties to their pre-contract positions where a contract is voidable. That said, the Law Commission noted that the courts could achieve "practical justice" through other means, such as by ordering the parties to enter into a second transaction on the blockchain, thus reversing the effects of the first transaction, effectively creating the same result.

There are, of course, a number of challenges that may arise in relation to the interpretation and enforcement of smart contracts. These include issues around governing law and jurisdiction, given these may not be spelled out in the code comprising the smart contract. In the absence of express terms dealing with these matters, the usual legal rules would apply to smart contracts in much the same way as to other contracts. However, these rules often involve looking at matters such as where the contract is formed and/or the domicile of the parties, each of which may be more challenging to determine in the case of smart contracts as opposed to other contracts.

13. How are Decentralised Autonomous Organisations ('DAOs') treated in your jurisdiction?

There is no legislative regime specific to DAOs in the UK. The topic is however clearly of interest to the UK government, which enlisted the Law Commission to undertake a scoping study on DAOs, the results of which were published in July 2024.

One issue at the heart of the Law Commission's study was whether the law needs to recognise a "DAO-specific legal entity". The Law Commission concluded that there is no such need for a DAO-specific entity. DAOs are, the Law Commission noted, inherently varied in nature with the structure and operation of DAOs differing greatly. Attempting to shoehorn DAOs into a universally applicable legal definition was therefore deemed to be both unnecessary and a potential obstruction to the continued development and growth of DAOs in the UK.

Despite falling short of recommending the introduction of a DAO-specific legal entity, the Law Commission did emphasise the need for the law to evolve to accommodate decentralised structures such as DAOs. The Law Commission indicated that its upcoming review of trust law would consider the necessity of more flexible trust structures under English law capable of accommodating DAOs. It was also suggested that the government consider the introduction of a legal structure similar to an unincorporated non-profit association, which are occasionally used by DAOs in certain states in the USA.

Of course, the activities of DAOs may be governed by existing and prospective regulation and legislation. For example, if a DAO's activities involve managing and/or dealing in investments (including a broad range of cryptoassets) it could require authorisation from the FCA. Similarly, where developers of DAOs do so with the intention to make a profit, those developers may be regarded as entering into a partnership. See also the summary at Question 5 of the FCA's approach to DeFi and decentralised structures.

14. Have there been any governmental or regulatory enforcement actions concerning blockchain in your jurisdiction?

The UK authorities have acknowledged the need, and have shown willingness, to take measures to protect consumers from harm arising from the deployment of blockchain technologies. Financial crime remains a core concern, and the UK's National Crime Agency estimates that between $1.7bn-$5.1bn in illegal UK cryptoasset transactions occur annually.

Of particular note, in July 2024 the FCA took enforcement action against prominent cryptoasset trading platform Coinbase. CB Payments Limited, an authorised e-money institution that is part of the Coinbase group, was fined £3,503,546 for repeatedly breaching a requirement that prevented the firm from offering services to high-risk customers. The FCA has also continued to crack down on illegal crypto ATMs; in 2025 the FCA seized seven unregistered crypto ATMs, which followed on from the charging of an individual in September 2024 for running a network of illegal crypto ATMs. In April 2026, the FCA,

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alongside the police and HMRC, carried out its first enforcement operation targeting premises suspected of illegal peer-to-peer cryptoasset trading.

The FCA has taken a prominent role in regulating the promotion of cryptoasset products. As discussed at Questions 5 and 9, the financial promotions restriction was expanded with effect from 8 October 2023 to capture most cryptoassets. By October 2024, the FCA had issued 1,702 alerts to companies who were engaging in non-compliant cryptoasset promotion. While news reports previously suggested that only 54% of those alerts resulted in the illegal cryptoasset adverts, apps or websites being taken down, the FCA has commenced its first legal action against a crypto exchange for illegal financial promotions, perhaps signifying a shift in enforcement priorities. The FCA's regulatory function in respect of cryptoassets was expanded further by the Cryptoasset Regulations, which introduced a regulated activities framework in relation to cryptoassets. It remains to be seen how this will impact the FCA's enforcement activities going forward.

15. Are there any other generally-applicable laws, case law or regulations that may present issues for the use of blockchain technology (such as privacy and data protection law or insolvency law)?

A key area which presents issues for the use of blockchain technology is its interaction with data protection legislation in the UK.

One issue is the question of whether blockchain technology meets the requirements for personal data storage and erasure. The immutable nature of blockchain data storage conflicts with the principle contained in the UK version of the EU General Data Protection Regulation (the "**UK GDPR**") that personal data be retained for no longer than necessary to achieve the purposes of data processing. It also conflicts with the right for individuals to have their personal data erased. Regulators have however begun to issue guidance to help developers and users of blockchain technology in managing these potential conflicts. In 2025 the Information Commission's Office in the UK published draft guidance on maintaining data protection compliance when using blockchain technology, with finalised guidance expected in winter 2026. The finalised guidelines will follow the European Data Protection Board's publication in July 2026 of its long-awaited guidelines on the processing of personal data through blockchain technologies. Further analysis of both sets of guidelines can be found in our articles: *When Decentralisation Meets Regulation: How Blockchain and GDPR Can Coexist*; *EDPB Finalises Guidelines on GDPR and Blockchain*; and *ICO Issues First Guidance on Distributed Ledger Technologies*.

Insolvency proceedings are another area where cryptoassets have become increasingly relevant, with a 420% increase over five years in the number of insolvencies where cryptoassets are identified as a category of assets. This has created a number of difficult questions, including how to trace cryptoassets in cases where the debtor does not disclose their existence and how to dispose of them. The Insolvency Service has sought to address some of these difficulties, with a specialist crypto recovery team established in June 2025 to assist in the tracing and recovery of cryptoassets.

A final issue to consider is whether copyright is capable of subsisting in the file format of a cryptoasset such as Bitcoin. In February 2023, in the context of an application for service outside of the jurisdiction, the EWHC answered "no" to this question, asserting that the file format did not meet the 'fixation' requirements for copyright protection. The Court of Appeal however disagreed, suggesting that the EWHC had not applied the test for fixation correctly and deemed that there was sufficient merit to the claimant's case to establish a real prospect of success. The Court of Appeal's conclusion is not wholly determinative, given that the issue was only considered in the context of an interim application. As the claim in which this question arose did not proceed to trial, the issue of whether copyright is capable of subsisting in the file format of a cryptoasset remains unresolved by English courts.

16. Are there any other key issues concerning blockchain technology in your jurisdiction that legal practitioners should be aware of?

There are continued efforts to reform civil procedure in England and Wales to accommodate cases involving cryptoassets. The Law Commission is currently considering necessary reforms to address difficulties which victims of crypto-related fraud face in obtaining early disclosure from third parties. Currently, claimants are required to either bring or be intending to bring a claim in England and Wales in order to issue an information order against a third party. This poses a difficulty in cryptoasset cases, where the identity and location of the defendant is often unknown.

As such, the Law Commission in its June 2025 consultation paper has proposed a free-standing information order, available at the pre-action stage

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without a requirement for underlying proceedings in England. This paper also identifies further challenges to the application of private international law rules in a DLT context – particularly in relation to wholly decentralised use cases – which may give rise to future clarifications in this area. The Law Commission's final report is due to be published in the later part of 2026.

International (including UK) antitrust authorities are increasingly showing an interest in the potential risks of anticompetitive conduct associated with the use of blockchain technology, including the potential for information sharing and co-ordination, among other things. Under the Digital Markets, Competition and Consumers Act, which received Royal Assent in May 2024, the Competition and Markets Authority now has the power to take a greater range of proactive measures against cryptoasset providers acting in breach of competition or consumer protection laws. This follows from the landmark private claim brought by an estimated 240,000 UK investors against Bitcoin Satoshi Vision ("**BSV**"), which was certified for collective proceedings by the Competition Appeal Tribunal in July 2024. The claim alleged that, beginning in April 2019, UK BSV holders suffered estimated losses of up to £9.9 billion as a result of the delisting of BSV by exchanges Binance, Bittylicious, Kraken and ShapeShift. Although significant parts of the claim have now been struck out, this claim marks the first time that competition law has been applied to digital assets in the UK.

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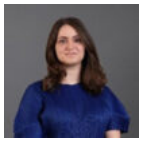
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