Regulated digital assets and tokenization:

What the FCA's new regime means for banks and asset managers

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The UK Financial Conduct Authority's (FCA) 30 June 2026 cryptoasset regime marks a turning point for the UK digital asset market. Oversight is moving beyond anti-money laundering registration and financial promotions controls into a full FSMA-style framework for cryptoasset activity. For banks and asset managers, the significance is broader than crypto compliance. It signals that digital assets, including stablecoins and tokenization, are moving closer to regulated financial services infrastructure.[1,2]

Regulatory clarity now shifts the focus to execution. For established financial institutions, the opportunity is to decide which digital asset capabilities belong at the core of the business, which should be delivered through partners, and how new rails can sit alongside existing custody, settlement and asset servicing models.

From crypto perimeter to digital asset infrastructure

The FCA's package covers admissions and disclosures, market abuse, stablecoin issuance, regulated cryptoasset activities, prudential requirements and the application of the wider FCA Handbook.[1] It also brings a wider set of activities into scope, including custody, safeguarding, trading platform operation, dealing, arranging and staking.[4]

The FCA is changing how firms compete. Product innovation will still matter, but the real test will be whether firms can operate with the resilience, controls and service standards expected in regulated financial services.[5]

The implementation timetable gives firms time to prepare. Applications open on 30 September 2026 and close on 28 February 2027, with firms undertaking regulated cryptoasset activities requiring FCA authorization through either a new application or a variation of permission. Existing registrations under the Money Laundering Regulations will not carry over into the new authorization regime, meaning firms will need to assess whether their current permissions remain appropriate and what additional approvals may be required. Those that use this period to strengthen governance, address capability gaps and mature their operating model are likely to be better positioned than firms that treat authorization as a compliance exercise rather than a strategic opportunity.[2]

The end of regulatory optionality

For many digital asset firms, the market has historically rewarded fast launches, broad product coverage and fragmented operating models. The FCA regime changes that basis of competition. Authorization will test whether a firm's business model, controls, technology, financial resources and accountability are strong enough for the regulated financial services ecosystem.[2]

This matters because the regime is being shaped against the backdrop of market failures that exposed weaknesses in governance, transparency, customer asset protection and risk management. The Financial Stability Board's (FSB) global crypto framework is anchored in the principle of "same activity, same risk, same regulation" and draws on lessons from prior crypto market events. The FCA's regime translates that logic into UK implementation. Stablecoin rules focus on backing assets, safeguarding, redemption and disclosures. Custody rules focus on protection of client assets. Market abuse rules focus on disclosure, inside information and trading integrity. Prudential requirements will create a different challenge depending on the type of firm. Banks and investment firms will already be familiar with capital, liquidity and stress testing disciplines, although digital asset activity may introduce new risk considerations. For crypto-native firms, the shift may be more significant, requiring deeper focus on capital planning, liquidity management, recovery actions and wind-down readiness.[6]

The same shift is evident across lending, borrowing and staking activities, where the FCA is introducing clearer expectations around customer protection, disclosures, appropriateness, governance and risk management as these services become part of the regulated market.[1]

As the market matures, competitive advantage is likely to shift towards firms that can combine innovation with institutional credibility. Strong governance, resilient operating models and trusted control frameworks will increasingly influence who attracts clients, partners and capital. The same shift is visible in lending, borrowing and staking, where the FCA is moving beyond disclosure into expectations around consent, appropriateness, collateral treatment, record-keeping and client protection.[1]

Operational resilience will be one of the defining implementation challenges. Firms will need to evidence how critical services are delivered, how third-party dependencies are managed, how incidents are handled, and how custody and settlement processes continue to operate during disruption. This brings digital asset activity closer to the resilience standards already expected across regulated financial services.[5]

Stablecoins: settlement efficiency, redemption risk and supervisory complexity

Stablecoins should be viewed as part of the wider digital asset infrastructure debate. They may support faster and more flexible payment and settlement models, but their value depends on the credibility of the issuer, the quality of backing assets, redemption arrangements, liquidity management and the supervisory framework around systemic use.[8], [9], [10]

The firms most likely to succeed will be those that view governance, resilience and risk management as commercial capabilities rather than regulatory obligations. As digital assets become more integrated into mainstream financial services, those qualities will increasingly influence who wins clients, attracts partners and scales sustainably.[6]

The supervisory model also becomes more complex as stablecoins scale. Non-systemic UK-issued qualifying stablecoins will sit within the FCA regime, while stablecoins that become systemic may move into joint Bank of England and FCA oversight. Banks, payment firms and asset managers should therefore consider stablecoins as part of their broader settlement and liquidity strategy, not as a standalone crypto product.[11]

Why this matters for banks and asset managers

For banks and asset managers, the FCA regime is relevant because it is part of a wider shift towards regulated digital asset activity. The strategic choices are no longer limited to whether firms offer cryptoasset access. They now extend to custody models, tokenized fund infrastructure, settlement options, third-party dependency, operational resilience and how digital asset capabilities sit alongside existing platforms.

The FCA's own research suggests regulation could help accelerate that shift. While centralized exchanges remain the primary route into cryptoassets, 25% of cryptoasset users said they would be more likely to invest if cryptocurrencies were subject to greater regulation in the UK. For firms looking to broaden institutional or retail participation, regulation has the potential to become an enabler of trust rather than a barrier to innovation.[8]

This is also unfolding alongside the UK's wider tokenization agenda. Tokenization should not be treated as dependent on the cryptoasset regime. The FCA's fund tokenization guidance confirms that authorized fund managers can use DLT within the current framework, including for tokenized funds and more advanced use cases.[2] The broader message is that digital assets are developing across multiple rails, from tokenized funds to stablecoins and regulated cryptoasset activities. Firms should therefore focus on reusable capabilities across custody, settlement, controls, data, asset servicing and client access, rather than building separate solutions for each use case.

Strategic choices: where do firms want to operate?

The FCA regime will force firms to make clearer choices. Not every firm needs to operate across the full digital asset value chain.

Some will become regulated infrastructure providers, building custody, trading, settlement, platform or stablecoin capabilities. Others will focus on distribution, giving clients access through authorized partners. Some may specialize in staking, lending or risk-managed product capabilities. Others may decide that certain activities are no longer attractive once prudential, safeguarding, disclosure and control costs are fully priced.

The right question is not simply 'what does the regulation allow us to do?' It is 'where can we create sustainable value under regulated market conditions?'

How firms should respond now

The implementation window should be used to answer four strategic questions.

1. Where does the business intersect with the new regulatory perimeter?[3],[4]

2. Which digital asset capabilities should be owned, partnered or avoided?

3. Can existing operating models support regulated digital asset activity across custody, settlement, resilience, data and controls?[5]

4. How does tokenization fit within the firm's broader strategy for products, distribution, asset servicing and market infrastructure?[2]

Firms that can answer those questions clearly will be better placed to move beyond regulatory readiness and define where they can create value as digital assets become part of regulated financial services.

The Capco point of view

The FCA's regime should be read as part of a broader shift: digital assets are moving into regulated financial services. For banks and asset managers, the opportunity is not simply to respond to crypto regulation, but to decide how tokenized assets, stablecoins and regulated digital asset services fit within future business and operating models.

That requires more than governance on paper. Firms will need to demonstrate operational resilience, manage third-party dependencies, design credible, scalable custody and settlement models, and understand the capital, liquidity and supervisory implications of the activities they choose to pursue.[5],[6]

The firms best positioned for the next phase will be those that use this moment to make clear choices: where to build, where to partner, where to rely on existing infrastructure and where to step back. Regulation is the catalyst, but the real change is in how firms create durable advantage as tokenization and regulated digital assets become part of mainstream financial services.

How Capco can help

Capco helps financial institutions move from strategic assessment to delivery, combining regulatory, business and technology expertise to design digital asset capabilities that are commercially viable, operationally resilient and scalable.

Our propositions are designed to help firms move from regulatory interpretation to practical execution across the areas that matter most:

- **Regulatory readiness and authorization:** Assess in-scope activities, identify gaps against FCA expectations and prepare the governance, controls and implementation plans needed for authorization.

- **Digital asset strategy and market positioning:** Define where to participate, which capabilities to build or partner for, and how tokenization and regulated digital assets support the broader business strategy.

- **Operating model and control design:** Design governance, risk, compliance, operations, custody, safeguarding, surveillance and resilience capabilities that can operate at institutional scale.

- **Digital asset infrastructure:** Shape practical models for tokenized assets, stablecoins, custody, settlement and platform integration across existing financial market infrastructure.

- **Technology and execution delivery:** Support architecture design, vendor selection, platform implementation, data integration and enterprise-wide change delivery.

The firms that succeed under the UK's new cryptoasset regime will be those that use this moment to build trusted, scalable and commercially relevant digital asset capabilities. Capco can help clients move from readiness to execution, and from execution to long-term market advantage.

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Capco, a Wipro company, is a global technology and management consultancy shaping change in the financial services and energy industries. For almost 30 years, we have been trusted to help our clients adapt, transform and create long-term value across capital markets, banking, payments, insurance, wealth and asset management, and the energy and utilities sectors. Our deep industry expertise, partnership mindset and award-winning Be Yourself At Work culture are amplified by our strengths in advisory, technology, data and AI innovation. We support our clients to establish clear priorities, connect vision to value, and deliver measurable impact when the stakes are highest.

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