



HOUSES OF PARLIAMENT  
LONDON SW1A 0AA



Nikhil Rathi  
Chief Executive Officer  
Financial Conduct Authority  
12 Endeavour Square  
London E20 1JN

February 27, 2022

Dear Mr. Rathi,

### **Updated FCA Guidance to Cryptoasset firms**

As you are undoubtedly aware, the government updated the UK Sanctions List under the Russia (Sanctions) (EU Exit) Regulations 2022 and Sanctions and Anti-Money Laundering Act 2018 (the Sanctions Act).

However, there remains a considerable risk of Russian individuals and entities sanctioned last week, continuing to trade in cryptocurrency assets. It has been reported that some cryptocurrency exchanges are independently taking steps to conduct sanctions screening, such as by monitoring and blocking IP addresses in certain jurisdictions.

We strongly suggest that the FCA, as supervisor under the MRL/CTF, issue immediate and detailed guidance to all cryptoasset firms on dealing with customers in jurisdictions where sanctions apply. This includes firms registered with the FCA, as well as firms under the Temporary Registration Regime (TRR), which has been extended through the end of March.

We also suggest the FCA updates guidance on the increased risks of trading cryptoassets via exchanges not registered with the FCA, especially as they may not have adequate MRL/CTF procedures in place to filter sanctioned individuals and entities.

Detailed guidance issued by the FCA in the days ahead will assist in ensuring the effectiveness of UK sanctions during this critical time.

Sincerely,

**Tom Tugendhat MP**  
Member of Parliament for Tonbridge and Malling  
Chair, Foreign Affairs Committee

**The Lord Sarfraz**  
Member of the House of Lords