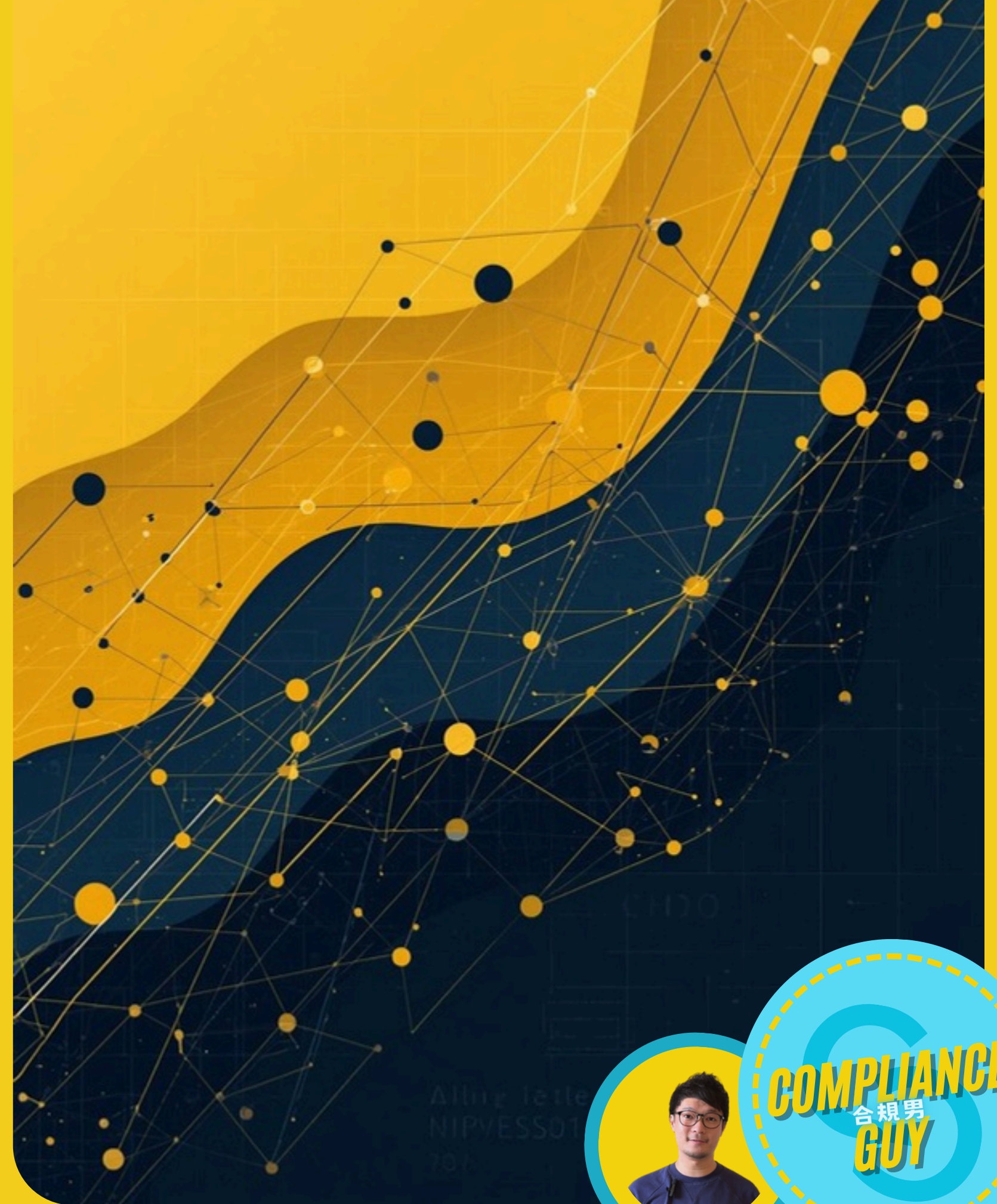




Stablecoin “Funds-In” Channel

February 2026



Current crypto and EMI regulations in the UK



UK Regulatory Regime (2025)

EMI/PI FRAMEWORK

We operate under the Electronic Money Regulations 2011 (EMRs) and Payment Services Regulations 2017 (PSRs)

THE "CRYPTO GAP"

Currently, crypto is largely unregulated in the UK except for **Money Laundering Regulations (MLR)** registration. Firms like our proposed partners must be on the FCA's MLR Register but do not yet require full FSMA Part 4A authorization for crypto activities.

Upcoming Regulatory Changes

SAFEGUARDING REFORM (MAY 2026)

May 2026 introduces a new Statutory Trust model for safeguarding assets.

NEW FCA CRYPTO GATEWAY (SEPT 2026)

The FCA will open the application gateway for the new FSMA Crypto Regime.

By **Oct 2027**, "Arranging" or "Dealing" in crypto will be a fully regulated activity.

SM&CR EXTENSION (LATE 2026)

New rules extend accountability to solo-regulated EMIs and PIs effective 2026.

Comparative Benchmark Models

BVNK MODEL (EEA/UK)

BVNK

Structure: Uses an EMI license (Fiat) and a separate VASP/Partner (Crypto).

Lesson: "Crypto is not regulated in the UK" disclosure is key. BVNK auto-converts stablecoins to fiat before they touch the EMI ledger.

Relevance: Fastest route to market before the Q3 2026 VoP gateway opens.

MOX BANK MODEL (HK)

mox

Structure: Direct API integration with a Licensed Exchange.

Lesson: Strict asset white-listing (e.g., only USDC/USDT) maintains "Bank-Grade" compliance.

Project Risks

Dependency Layer	Risk Factor	Mitigation Strategy
Regulatory	Partner loses MLR Registration	Mandatory "Dual-Partner" redundancy; periodic FCA register monitoring.
Financial	Stablecoin De-pegging	Strict "Permitted Asset List" (White-listing only Tier-1 assets).
Operational	Consumer Duty Breach	24-hour "cooling-off" period and explicit risk warnings.
Technical	Ledger Reconciliation	Real-time API webhooks to match Crypto IDs with Fiat Credit IDs.

Proposed Timeline

PARTNER SELECTION

Determine the best partners for strategic collaboration and compliance.

SOFT LAUNCH

Initiate testing with a controlled group of users for feedback.

VOP APPLICATION (SEPT 2026)

Submit application for the verification of participation in the scheme.

FULL RETAIL LAUNCH

Officially launch services to the public, pending regulatory readiness.

Recommended Decision and Next Steps

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- 01** **PROCEED WITH PARTNER-LED MODEL**
Leverage existing regulatory framework effectively
 - 02** **RATIONALE FOR THE APPROACH**
Bridges gap to future regulatory landscape
 - 03** **NEXT STEPS FOR IMPLEMENTATION**
Obtain External Legal advise to support
implementation and relevant applications

Target Strategic Outcome

01

STRATEGIC REGULATORY TIMING

Launch before **full regulation** takes effect

02

RISK-MANAGED PARTNERSHIP MODEL

Minimize compliance exposure through **careful alliances**

03

FOCUS ON CONSUMER PROTECTION

Prioritize **regulatory readiness** and operational resilience

Glossary

MLR: Money Laundering Regulations, governing anti-money laundering standards in the UK.

FSMA: Financial Services and Markets Act, legislation regulating financial services.

VoP: Variation of Permissions, a process for changing regulated activities.

SM&CR: Senior Managers and Certification Regime, enhancing accountability for senior financial figures.

VASP: Virtual Asset Service Provider, entities facilitating cryptocurrency transactions.



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Regulatory Status: The information contained in this guidebook is correct as of February 10, 2026. Regulatory requirements, including FCA and PSR rules, are subject to rapid change and all items discussed are based on current consultation papers and implementation timelines.

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