

Enforcement Notice



Advertising of Cryptoassets: Cryptocurrencies

Who we are

We are the Committee of Advertising Practice (CAP). We write the advertising rules, which are enforced by the Advertising Standards Authority (ASA), the UK's independent advertising regulator. You can read about the UK advertising regulatory system on the ASA website.

Why are we contacting you?

The ASA has published several rulings about the advertising of cryptocurrencies which fall within its remit¹. Ads for cryptocurrencies have been ruled misleading and socially irresponsible (see CAP Code; Section 3 and CAP Code; Rule 1.3) and also in breach of rules which apply to ads for financial products (see CAP Code; Section 14).

Please immediately review your advertising with reference to the *Guidance* section below and make any changes required. If problem ads persist after **2 May 2022**, we will commence targeted monitoring, which may result in sanctions, to ensure a level playing field.

The ASA has been in close consultation with the Financial Conduct Authority (FCA) in this matter and patterns of non-compliance will be reported to the FCA, Trading Standards and any professional industry body of which you are a member.

Scope

This notice applies to ads for cryptocurrencies, crypto exchanges and ads or promotions which otherwise involve the transfer, sale or supply of cryptocurrencies, targeted at UK consumers or that are targeted globally on the behalf of UK-based advertisers. This includes paid-for ads in all traditional and digital media, whether targeted in finance media or to a general audience, and non-paid-for advertising online, such as websites, email marketing and any social media presence you may have, including influencer affiliate advertising.

It does not apply to the general retail of items where cryptocurrency is offered as a payment option, or the general retail of cryptocurrency-themed merchandise. This notice also does not address the specific descriptive content for the sale of other forms of cryptoassets such as utility tokens (otherwise known as fan tokens) or non-fungible tokens (NFTs), however, all such advertising is subject to the broader CAP Code and future enforcement action is planned for these other forms of cryptoassets in due course.

Guidance

A cryptocurrency is a digital currency, which uses encryption techniques to regulate how many units of currency are available. Cryptocurrencies use methods such as 'blockchain' to verify the transfer of funds, operating independently of a central bank. They are subject to frequent change in value, that could potentially lead to investors making large losses. Because of this combination of factors, the presentation of, or the omission of, information in ads can easily take advantage of consumers' inexperience and credulity and affect consumers' understanding of a product that exposes them to high risk and potential tax implications, of which they may be unaware.

¹ Advertising for cryptocurrencies will remain in the remit of the ASA until the FCA brings it into line with its regulation of other financial advertising, as per HM Treasury's announcement on 18 January 2022. However, while matters relating to misleadingness and other technical requirements in ads for cryptocurrencies and utility tokens will fall to the FCA, the ASA will retain responsibility for issues relating to non-technical elements, such as social responsibility.

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When creating an ad, you should consider the presentation of its entire content, the context and the likely interpretation of the target audience. Advertisers are reminded that marketing communications must reflect the spirit, not merely the letter, of the Code (**CAP Code; Rule 1.2**).

1 Qualifications

1.1 All ads must expressly and prominently state:

- Cryptocurrencies are **unregulated** in the UK
- Cryptocurrency **profits may be subject to Capital Gains Tax**
- The value of investments is variable and **can go down** as well as up

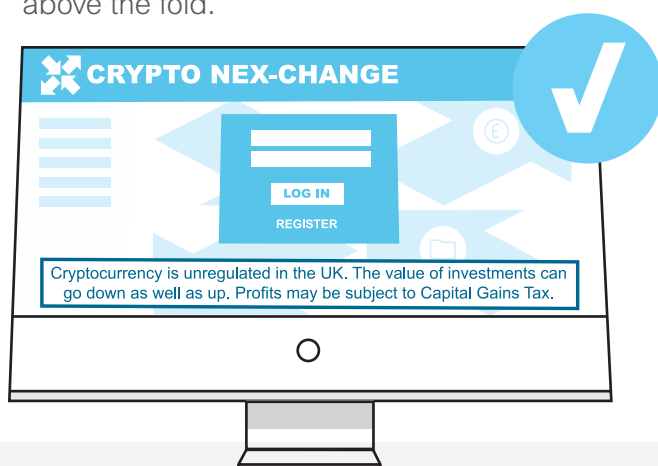
1.2 Qualifications must be presented clearly for the medium

Digital Posters

Qualifications in digital poster advertising must be visible, for example, appearing in a static box. Qualifications **that appear only at the beginning of a video** are likely to be problematic as they will not necessarily be seen by consumers that pass.

Websites

Qualifications presented at the bottom of a webpage are unlikely to be sufficient. Qualifications should be clearly presented above the fold.



1.3 Services with returns rates claims:

Any claims for rates (e.g. 'x% p.a.') must be representative (and supported by **documentary evidence**), and make clear how the rate is calculated and what significant conditions apply, e.g. the type of cryptocurrency, the amount or any time period required.

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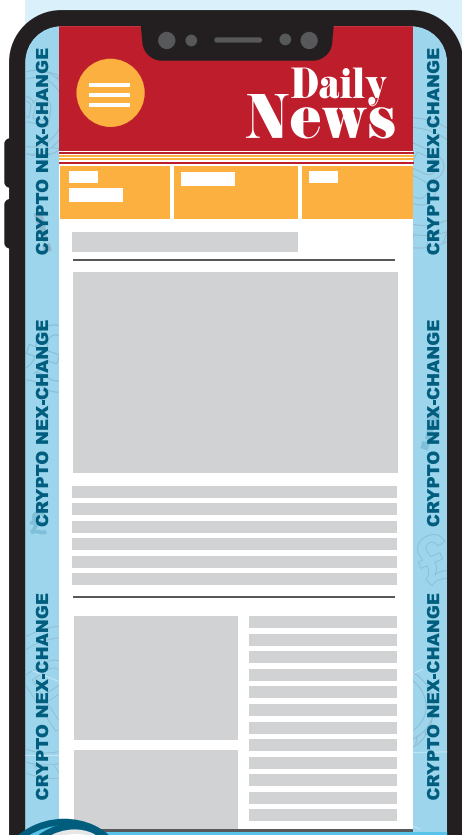
1.4 Media limited by time or space

Some media are significantly limited by time and space, such as some social media platforms, or within display ad environments online or in apps.

Marketers' own websites, marketing communications in other media, including but not limited to the following, are unlikely to be considered significantly limited by time or space: emails, direct mailings, press and magazine ads, leaflets, posters and ads in social media not constrained by low character limits.

The ASA would expect advertisers to do all they can to include all significant conditions in an ad. For instance, in Twitter ads limited by a character count, marketers could include an image that clearly states the relevant conditions.

Ads which are significantly limited by time or space must include as much information about significant conditions as practicable. If an ad format cannot suitably display the necessary qualifications clearly, then advertisers must ask themselves whether the medium is at all capable of hosting compliant ads.



Cryptocurrencies as well

is unregulated in the UK. The value of investments can go down as well as up. Profits may be subject to Capital Gain Tax. Fees apply.

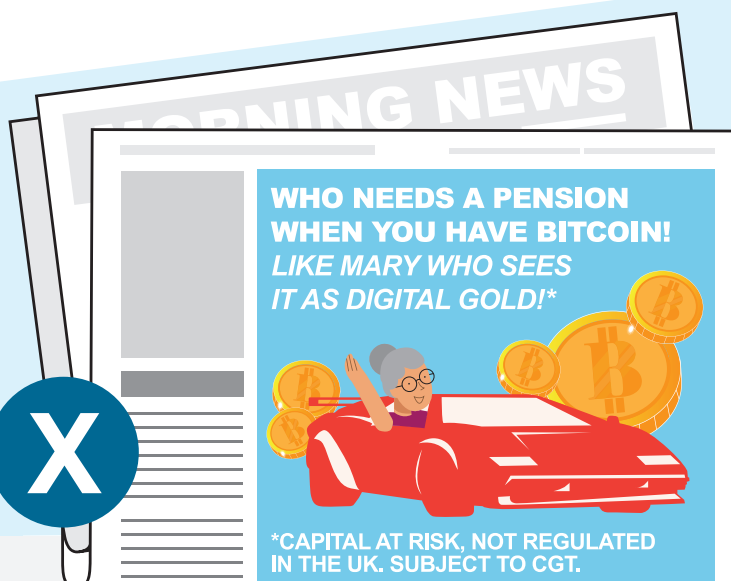


An in-app border ad, where space is very limited, may be unsuitable for the clear and prominent display of qualifications.

1.5 Qualifications cannot override the overall impression of an ad

Ads that contain problem claims (see more in section 2) will always be a problem. The inclusion of a qualification will not render them compliant.

Even though the qualifications are prominent, while brief, the overall impression of the ad downplays the risk, suggests excessive gains are likely and that cryptocurrency is a good or secure way to invest savings or a pension.



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2 Take care when designing your campaigns

The following prohibitions have been established by the ASA as misleading and/or irresponsible because they trivialise investing in cryptocurrency or are likely to take advantage of consumers' inexperience or credulity.

Ads must **not** imply:

Cryptocurrency products or services are regulated (e.g. by the FCA)

OUR COMPETITORS
ARE UNREGULATED!



X

Past performance of investments necessarily give a guide for the future or guarantee a future income

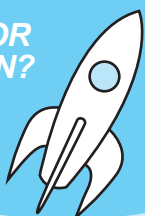
2018–2022, 100x GAINS
CATCH THE NEXT BULL RUN!



X

Investments are safe or 'low risk' or that returns are guaranteed

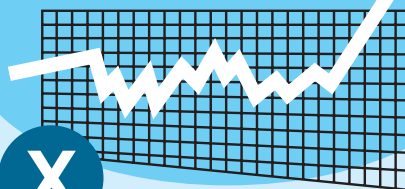
READY FOR
THE MOON?



X

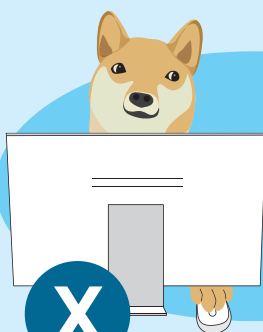
There is an urgency to buy or create a fear of missing out

DON'T MISS OUT
ON THIS ICO



X

Investment decisions are trivial, simple, easy or suitable for anyone



INVEST WITH
ONE CLICK,
ANYONE
CAN DO IT!

X

Cryptocurrencies are suitable for purchase on credit

BUY CRYPTO
EASILY WITH A
CREDIT CARD!



X

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Appendix: Code rules and useful reading

Relevant **CAP Code** rules:

- 1.3 Marketing communications must be prepared with a sense of responsibility to consumers and society.
- 3.1 Marketing communications must not materially mislead or be likely to do so.
- 3.3 Marketing communications must not mislead the consumer by omitting material information. They must not mislead by hiding material information or presenting it in an unclear, unintelligible, ambiguous or untimely manner.

Material information is information that the consumer needs to make informed decisions in relation to a product. Whether the omission or presentation of material information is likely to mislead the consumer depends on the context, the medium and, if the medium of the marketing communication is constrained by time or space, the measures that the marketer takes to make that information available to the consumer by other means.

- 3.9 Marketing communications must state significant limitations and qualifications. Qualifications may clarify but must not contradict the claims that they qualify.
- 3.10 Qualifications must be presented clearly.
- 14.1 Offers of financial products must be set out in a way that allows them to be understood easily by the audience being addressed. Marketers must ensure that they do not take advantage of consumers' inexperience or credulity.
- 14.4 Marketing communications must make clear that the value of investments is variable and, unless guaranteed, can go down as well as up. If the value of the investment is guaranteed, the marketing communication must explain the guarantee.
- 14.5 Marketing communications should make clear that past performance or experience does not necessarily give a guide for the future; if they are used in marketing communications, examples of past performance or experience should not be unrepresentative.

Want more information or advice?

See CAP's advice on:
[Cryptoassets](#)
[Financial products and services](#)
[Misleading advertising](#)
[Qualifications](#)
[Social Responsibility](#)

Or contact the
[CAP Copy Advice Team](#),
which offers a free
confidential bespoke pre-
publication advice service