

# Crypto ads will need to carry risk warnings under new UK rules

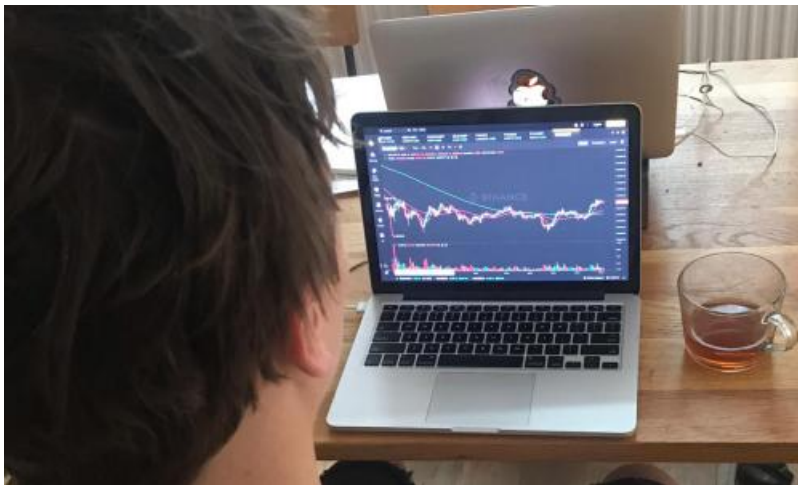
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Crypto firms must warn customers they should not expect protection if their investment goes wrong and introduce a “cooling off” period for first-time investors, under new rules imposed by the UK financial watchdog. The Financial Conduct Authority said that from 8 October firms promoting crypto products or services would need to carry a clear risk warning in their adverts. The FCA said an example of such a notification would include telling customers they should not expect protection “if something goes wrong” and ought to be “prepared to lose all the money you invest”. Customers should be urged to “take two mins to learn more”, the FCA added. Companies advertising crypto assets, including cryptocurrencies such as bitcoin, will need to offer a pause to new investors requesting to invest in their products. Bonuses for introducing friends to a crypto firm’s products will also be prohibited. Sheldon Mills, executive director of consumers and competition at the FCA, said consumers should understand that the crypto industry remains largely unregulated, with the lack of a safety net putting investors at risk of losing all their money. “It is up to people to decide whether they buy crypto. But research shows many regret making a hasty decision. Our rules give people the time and the right risk warnings to make an informed choice,” he said. “Consumers should still be aware that crypto remains largely unregulated and high risk. Those who invest should be prepared to lose all their money.” The FCA said research showed that estimated crypto ownership in the UK more than doubled between 2021 and 2022. According to an FCA-commissioned survey, 10% of respondents said they owned crypto assets. The watchdog has also warned that cryptoasset fraud is on the rise, with reports of crypto scams climbing from 1,619 in 2019 to 6,372 in 2021. The FCA said some crypto promotions had already been censured by the Advertising Standards Authority including an advert by Luno, a cryptocurrency exchange, that appeared on the London Underground and London bus networks that said: “If you’re seeing Bitcoin on the Underground, it’s time to buy.” The ASA also ruled in 2021 that a Facebook advert for a fan token issued by Arsenal football club trivialised investing in crypto. The FCA said the new rules brought crypto in line with a regime introduced last year for misleading adverts related to high-risk investments. Further regulation is on the way for crypto firms in the UK. In February, the Treasury published a consultation document on bringing crypto regulation in line with traditional assets such as stocks and bonds.