

# Buyer Beware – FCA Publishes Financial Promotion Rules for Cryptoassets

June 9, 2023

## Background

On 8 June 2023, the UK Financial Conduct Authority (“FCA”) published a [policy statement](#) (PS23/6) on the financial promotion rules for cryptoassets (the “**Policy Statement**”). This is accompanied by a [guidance consultation](#) (GC23/1), where the FCA is seeking feedback on proposed guidance to the Policy Statement.

The Policy Statement follows on from the FCA’s previous [consultation paper](#) (CP22/2) setting out its proposals to strengthen its financial promotion rules for high-risk investments (including cryptoassets), as well as for authorised firms which approve and communicate such financial promotions. This was followed in August 2022 by the FCA’s [policy statement](#) (PS22/10) on the financial promotion rules for other high-risk investments excluding cryptoassets (which we wrote about [here](#)).

## Key Rules

Some of the key rules include:

- **Categorisation:** The FCA has categorised cryptoassets as “*Restricted Mass Market Investments*”. This means that mass-marketing to retail investors will be permitted, subject to restrictions.
- **Ban on incentives to invest:** Monetary and non-monetary benefits which incentivise investment in cryptoassets will be banned.
- **Risk warnings:** Firms promoting crypto products to retail investors must include the following risk warning:

*“Don’t invest unless you’re prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong. Take 2 mins to learn more.”*

- **Cooling-off period:** For first-time investors with a firm, firms must adhere to a 24-hour “cooling off” period after the consumer requests to view the financial promotion.

## Applicability

The Policy Statement and subsequent final rules will be directly relevant to:

- consumers investing, or who are considering investing, in cryptoassets;
- cryptoasset businesses currently registered with the FCA or those considering, or in the process of, registration;
- overseas cryptoasset firms marketing, or considering marketing, to UK consumers;
- authorised firms considering communicating or approving cryptoasset financial promotions;
- trade bodies for the cryptoasset sector; and
- other persons involved in communicating cryptoasset financial promotions to UK consumers.

They will also be of interest to any authorised firm or trade body in the consumer investments sector.

## Next steps

The FCA is not expecting any further changes to the rules in the Policy Statement at this stage.

The final rules will be confirmed by the FCA Board “*shortly*” and are expected to have effect from **8 October 2023**.

For further information, please reach out to [UKRegulatory@proskauer.com](mailto:UKRegulatory@proskauer.com).

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