

We thank you for your time spent taking this survey.
Your response has been recorded.

Below is a summary of your responses

[Download PDF](#)

GC23/1: Guidance on cryptoasset financial promotions

Responding to the consultation

You are asked to respond to the guidance consultation by completing this online response survey that lists the questions as set out in the consultation paper.

The following is a link back to the Guidance Consultation if you need to refer back to it:

www.fca.org.uk/publications/guidance-consultations/gc23-1-cryptoasset-financial-promotions-guidance-firms

We recommend you review all questions before starting your response.

Click below to download an editable copy of all questions you will be asked:

[Gc231 questions guidance on cryptoasset financial promotions](#)

Later in this survey you will be able to upload your completed document. However, you are required to complete the introductory questions about yourself or your organisation before reaching the upload page.

You will also be able to upload any data you would like to provide as part of your response.

Introduction

A central requirement of our financial promotion rules is that financial promotions are fair, clear and not misleading (COBS 4.2 and where applicable, Principle 7 and PRIN 2A.5.3). To ensure firms clearly understand the implications of this requirement for cryptoasset promotions, we are publishing this consultation on guidance as to how firms might comply with this requirement. This proposed guidance will also form an important component of our approach to supervising cryptoasset financial promotions.

Why we are consulting

This consultation seeks feedback on proposals for guidance on how we approach, and how firms comply with, our requirement that cryptoasset financial promotions must be fair, clear and not misleading. Our rules for financial promotions read with this guidance will help prevent firms from

misleading consumers with false or unsubstantiated claims communicated through financial promotions and give cryptoasset firms greater clarity about our standards for financial promotions. We also expect the guidance to give clarity on how we expect firms to comply with our rules.

This guidance is relevant to all cryptoasset financial promotions. It has a particular focus on cryptoassets and related models/arrangements that can cause significant consumer harm. For example, cryptoassets that claim to be stable and financial promotions for complex yield models such as cryptoasset borrowing, lending and staking models/arrangements. However, the guidance is relevant to all firms marketing cryptoassets to retail consumers in the UK. This guidance should be considered alongside our Policy Statement on Financial promotion rules for cryptoassets

We have also included a chapter setting out further discussion questions on complex yield cryptoasset models/arrangements such as borrowing, lending and staking to inform our future regulation of these activities. The purpose of the discussion questions is to better understand how cryptoasset borrowing, lending and staking models/arrangements currently operate in the industry, the benefits of these models/arrangements and their risks. We want to work collaboratively with the cryptoasset sector to develop future regulation in this area. We are seeking industry input to make sure we get future regulation right.

Instructions

Questions with a * are compulsory and therefore need to be answered in order to move on in the survey.

FCA privacy notice on how we will use the data you provide in this survey:

<https://www.fca.org.uk/privacy/personal-data-and-surveys-consultations-and-market-research>

If you need to submit your response in an alternative format due to accessibility reasons, please contact us at gc23-1@fca.org.uk

First tell us something about your organisation or yourself

* Respondent full name

Zain Umer

* Respondent contact email

zain@flawlessmoney.com

* Are you responding on behalf of a company or organisation or as a private individual in a personal capacity?

Company or organisation

Private Individual, in a personal

* Please provide the following information

Name of organisation/company

Electronic Money Association

Your position in the organisation/company

Crypto Policy Lead

* Type of organisation or company

Firm type

Trade body ▼

Sector

None ▼

Portfolio

None ▼

* Are you responding to this GC using this online survey or by uploading the structured template document provided?

Uploading structured template document

Online survey

Would you like to upload any data as part of your response?

Yes

No

Which topics in this Guidance Consultation would you like to provide a response to? (select all that apply)

Consultation questions

Discussion questions on complex yield models/arrangements

Executive summary

If you would like to provide an executive summary to your response. Please provide it here.

Consultation questions

1. Do you agree with our proposed guidance on the context of the cryptoasset financial promotions regime?

- Strongly agree
- Agree**
- Neutral
- Disagree
- Strongly disagree

Please explain your answer, highlighting any other issues that would be useful to consider.

• Paragraph 7 - Websites are referenced as 'financial promotions' – how will this work operationally? If websites of non-UK VASPs are accessible by UK residents, will this be treated as a financial promotion? This approach appears unfeasible. • Paragraph 7 - Similarly, how will the mentioned social media posts be treated? If a post by a VASP on a social media platform for example is viewable by UK residents, does this mean they fall within scope? • Paragraph 23 - The FCA's planned new gateway for authorised firms who wish to approve cryptoasset-related financial promotions is mentioned – is there a firm timelines on when this will launch?

2. Do you agree with our proposed guidance on ensuring that cryptoasset financial promotions are fair, clear and not misleading?

- Strongly agree
- Agree**
- Neutral
- Disagree
- Strongly disagree

Please explain your answer, highlighting any other issues that would be useful to consider.

3. Do you agree with our proposed guidance for financial promotions of cryptoassets that claim a form of stability, or which claim their value is linked to a fiat currency?

- Strongly agree
- Agree
- Neutral**
- Disagree
- Strongly disagree

Please explain your answer, highlighting any other issues that would be useful to consider.

• Paragraph 37 - The requirement to provide details of the form of stability be maintained – does this apply to each individual financial promotion, and how would this be achieved? This approach is not feasible. • Paragraph 37 - The expectation on firms to be confident that claims by an issuer are genuine – does this create any liability on the part of the firm promoting the asset? • Paragraph 38 - Would the referenced links to additional information brought to consumers attention be required on each and every promotion – again, this approach is not feasible. • Paragraph 39 - Given any cryptoasset which relies on algorithm or a reserve of other cryptoassets claiming a form of stability will be considered in breach, this essentially amounts to a prohibition of any promotion of algorithmic stablecoins and stablecoins backed by other cryptoassets. In addition, we would like to add the below comment: The Government, as part of its undertaking set out in the recent consultation and call for evidence on a future financial services regulatory regime for cryptoassets from His Majesty's Treasury ("HM Treasury") ("HMT Consultation"), should set out clear expectations for firms with regards to disclosures related to cryptoassets that claim a form of stability or that are linked to a fiat currency to reference their value, including the rationale behind such disclosures and guidance on compliance and execution. Our response to this question and the guidance referenced by it is that the FCA should refrain from issuing guidance for stablecoins until such time as HM Treasury and the UK Government have issued a comprehensive regime for payment stablecoin market participants, including issuers, and should not pre-empt any guidance that may be released as a result of that work. In lieu of our suggestion above, and with regard to the specific points discussed in the draft guidance provided, there is a reliance, to a large degree, on disclosure even where there is already a requirement for an appropriateness test in place - this appears disproportionate and burdensome. Therefore, we request additional clarity on the expectations imposed on firms in relation to the due diligence required (and how this is evidenced) along with how this applies and relates to other requirements on firms.

4. Do you agree with our proposed guidance for financial promotions of cryptoassets that claim to be backed by a commodity or an asset?

- Strongly agree
- Agree
- Neutral**
- Disagree
- Strongly disagree

Please explain your answer, highlighting any other issues that would be useful to consider.

• Paragraph 45 – Would the clarity regarding the five specific elements referenced here need to be provided with each and every financial promotion, or provided once and a link to this information maintained?

5. Do you agree with our proposed guidance for financial promotions of complex yield models or arrangements?

- Strongly agree
- Agree
- Neutral**
- Disagree
- Strongly disagree

Please explain your answer, highlighting any other issues that would be useful to consider.

• Paragraph 53 – Would the clarity regarding the five specific elements referenced here in relation to complex yield

arrangements need to be provided with each and every financial promotion, or provided once and a link to this information maintained?

6. Do you agree with our proposed guidance for financial promotions on social media?

- Strongly agree
- Agree
- Neutral
- Disagree**
- Strongly disagree

Please explain your answer, highlighting any other issues that would be useful to consider.

• The guidance provided here lacks any sufficient level of detail or clarity. • The approach and treatment of social media posts from VASPs which are simply viewable by UK residents needs to be resolved – it is not feasible to treat all of these as financial promotions if not specifically targeting UK customers. • There is also a need to consider social media posts where all requirements cannot be fulfilled – for example, it may not always be feasible to add a 'clickable' link to a social media financial promotion post. How will these instances be treated?

7. Do you agree with our proposed guidance on due diligence before a financial promotion is communicated?

- Strongly agree
- Agree
- Neutral**
- Disagree
- Strongly disagree

Please explain your answer, highlighting any other issues that would be useful to consider.

• Paragraph 58 – What does 'sufficient evidence' mean exactly in this context? • Paragraph 58 – The requirement for approver firms to determine if a promotion has a 'reasonable chance of success' does not seem proportionate as they are being asked to make an assessment of the business viability, which seems to be outside of their scope. How is likelihood of success determined?

8. Do you agree with our proposed guidance on disclosing legal and beneficial ownership of cryptoassets?

- Strongly agree
- Agree
- Neutral**
- Disagree
- Strongly disagree

Please explain your answer, highlighting any other issues that would be useful to consider.

Please explain your answer, highlighting any other issues that would be useful to consider.

- The guidance here seems extremely limited. In which case would a requirement to disclose changes in legal and beneficial ownership in cryptoassets apply, apart from the one example in Paragraph 62?
- What is the method of disclosing the change in the legal/beneficial ownership of cryptoassets?

9. Do you agree with our proposed guidance on disclosing the firm's regulated status?

- Strongly agree
- Agree
- Neutral**
- Disagree
- Strongly disagree

Please explain your answer, highlighting any other issues that would be useful to consider.

• Given the restriction on firms describing themselves as "authorised", how should firms registered with the FCA for cryptoasset activity describe themselves?

10. Are there any other topics you believe our guidance should cover?

Please provide any other feedback on this Guidance Consultation

End of consultation questions

Confidentiality

* Do you consent to your response to this consultation paper being made public?

Please select No if there are areas of your response that should be treated as confidential.

- Yes**
- No

Market sensitivity

* Are there areas of your response that are considered to be market sensitive?

Market Sensitive - information that if made public may impact on market prices.

- Yes
- No

Please tell us about your experience responding to this consultation

Overall, how would you rate your experience responding to this consultation via our new online process?

1
(Wouldn't want to use it again)

2

3
(Neutral)

4

5
(Would happily use it again)

Please provide any comments on your experience of using this online tool, including any recommendations for improvement.

Thank you for completing the survey.

By clicking SUBMIT, your responses will be submitted and you will not be able to return to the survey.

On submission, a summary of your responses will be provided for your records, please click 'download PDF' to download a copy of your response. You will not be able to return to this page after closing it.

If you need to make any changes, please navigate using the back button now before submitting the survey.

FCA [Privacy Notice](#)

Powered by Qualtrics [↗](#)

Protected by reCAPTCHA: [Privacy](#) [↗](#) & [Terms](#) [↗](#)