

UK finfluencers face prison time for false or misleading financial product promotions there

Article

The news: The UK's Financial Conduct Authority (FCA) has issued guidelines that advise how influencers should promote financial products, per the regulator's website.

- First proposed last summer, after a consultation period these guidelines were finalized on March 26, 2024.

It's guidance rather than regulations: The guidelines don't create new obligations for financial institutions (FIs). Instead they offer suggestions on **how to comply with section 21 (s21) of the Financial Services and Markets Act 2000 (FSMA) when engaging with influencers**, per the FCA.

- Only authorized people can advertise financial products. If not, the content must be approved by someone who's authorized by the FCA. That means influencers promoting financial products without formal ties to FIs could be breaking the law.
- Promotions can consist of any type of communications on social media, including pictures, videos, and memes.
- Communications must be accurate and may not mislead consumers.
- Restrictions apply even to promotions that originated from outside of the UK—if they can influence UK consumers,

A breach of s21 could result in up to two years prison and/or an unlimited fine.

And crypto is included: Now that crypto firms officially fall under the FCA's purview, **crypto promoters must also register with the regulator or have their promotional communications approved by someone with FCA authorization**, per Coindesk

- The FCA has already scrutinized two influencers' pro-crypto posts on social media.
- And while the new guidance doesn't change official obligations for most banks in the UK, it does **explicitly state that existing regulations cover social media activity and cryptocurrencies.**

Key takeaway: The guidelines clarify some regulatory gray areas that could have easily landed social media influencers in legal battles. Perhaps US regulators will be inspired by their UK counterparts. In the meantime, it's important for FIs on either side of the Atlantic to perform due diligence before partnering with influencers on campaigns.