



Financial Promotion

do's and don'ts

The below sets out some guidelines and examples of what to do and what to avoid when preparing financial promotions (marketing materials) for investment-based crowdfunding products.

This guide has been provided free of charge and for guidance only. It does not constitute as a legal document or compliance advice. If you are unsure of your legal and regulatory obligations, you should consult the FCA Handbook.

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We are happy to advise further on any of the issues highlighted above.





DO

✔ **Make sure there's balanced risk language throughout the text.**

The amount of risk language required depends on the format of the financial promotion/density of the text. For example, while a short social media post might only need a single, short risk warning (e.g. "Capital at risk"), a longer press releases or web page would require risk language to be present throughout the text wherever the potential benefits of investing (e.g. a target rate of return) are being emphasised.

✔ **Use a large enough font size for any risk warnings/disclosures, so that these are balanced with the rest of the text of the financial promotion.**

The font size of relevant risk information is at least as prominent as the predominant font used throughout the communication.

✔ **Ensure all materials are signed off before publishing/distributing.**

Failure to do so can be breach of Compliance regulations and internal policies/procedures.

✔ **Ensure any images are standalone compliant.**

If you include an image in a Twitter or Facebook post and the image itself maybe promotional (e.g. it quotes a projected ROI or includes a graph representing growth), then the image must have an appropriate risk warning on it.

✔ **Use the appropriate language for your audience, avoiding industry jargon**

This depends on your target audience, but is especially important to keep in mind if your offers are open to professional clients or being promoted to the general public (e.g. on social media).

✔ **Only re-tweet or share third party posts which are compliant, and be sure to submit the post for review and approval before sharing. You are responsible for the compliance of any third party posts you choose to share.**

On Twitter, you can "retweet with comment" but we advise you add your own risk warning if there is no risk warning present in the original post.

✔ **Make it clear that returns are not guaranteed.**

Wherever you mention a rate of return, be sure to either state that "Returns are not guaranteed" and/or add a qualifier such as "expected", "target", or "potential" in front of the ROI.





DON'T

⊗ Give tax advice.

Any mention of “tax free” (e.g. for investment in the Innovative Finance ISA) must make clear that this is NOT to be construed as tax. E.g. “tax treatment depends on the individual circumstances of each client and may be subject to change in the future.”

⊗ Quote figures without citing the source/providing evidence of where this is from.

If you want to include any claims about the performance of a product or market, you must hold evidence of such claims.

⊗ Compare your product to a more traditional banking product like a savings account.

This includes comparisons between Cash or Stocks & Shares ISAs and Innovative Finance ISAs. This type of comparison is not permitted where the products being compared have different risk/return profiles.

⊗ Put your risk warnings in hashtags.

No #CapitalAtRisk – the Financial Conduct Authority (FCA) has deemed this to be an inappropriate risk disclosure.

⊗ Use exaggerated adjectives like “fabulous” or “massive”.

You can use more balanced words like “attractive” or “competitive”

⊗ Use claims of urgency.

E.g. “Hurry, offer ends soon”, “Don’t miss out on this market-beating offer”, etc. If you do have an offer closing soon, find a way to communicate the deadline in a way that is fair and balanced.

⊗ Use your regulated status and/or the FCA’s name or logo in a promotional capacity.

The FCA do not allow their name or a firm’s regulated status to be used in a promotional capacity (e.g. “Invest in our regulated investment opportunity”), as this could be seen as implying that the FCA have directly signed off on or endorse a particular platform or offering.

⊗ Describe features of an investment as “guaranteed” or “secured”.

If there is some sort of security in place, this must be explained in a transparent manner that does not indicate or imply that the overall investment is guaranteed.





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How can help!

If you're concerned about your potential exposure to FCA enforcement action around [financial promotions](#), our specialist team can help. We can undertake a thorough review of your activities, your systems and controls, governance and due diligence arrangements, and your **financial promotions**.

We can then recommend whether and how you may need to adjust your approach to answer current regulatory concerns. This could involve updating the way you handle risk disclosures and financial projections in future promotions – or perhaps seeking authorisation, either in your own right or as an appointed representative.

Get in touch today by using the contact form on the right, by emailing info@LSCPROM.co.uk or by calling us on +44 (0) 20 8087 2377

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