

# Do you need to be compliant?

You need to be compliant when doing a financial promotion. Any form of communication (including through social media) is capable of being a financial promotion, depending on whether it includes an invitation or inducement to engage in financial activity.

Example of a non-promotional communication that focuses on non-regulated activities:



We do more than invest in stocks and shares at City Shares. We also invest in the community with charity work!!

← Reply the Retweet ★ Favourite … More

### Example of a Financial promotion:



We do more than invest in stocks and shares at City Shares. We also invest in our trading technology, to help get you the best returns!

← Reply the Retweet ★ Favourite ••• More



## COMPLIANCE HEAVEN

# 

## Fair, clear and not misleading **Twitter example**



Good Firm @goodFirm · Aug 31

#ad Spread betting + CFDs: Trade GBP/USD with us. Your capital is @ risk & losses can exceed your deposits. pic.twitter.com//...



← Reply ▲ Retweet ★ Favourite … More

It is important that it is clear that a promotion is a promotion. An accepted way to do this, for character-limited media, is the use of #ad.

To be fair and not misleading imply balance in how financial products and services are promoted. Consumers should be aware of the potential benefits but also of any relevant risks

## **Standalone Compliance Rotating Banner Example**

Get the most out of our financial plans with a Stocks and Shares ISA



No initial charge on all funds until 30th of September



click here for more information

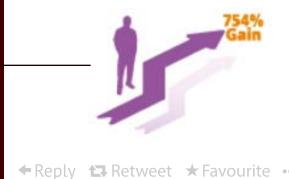


## Fair, clear and not misleading **Twitter example**



😫 🛛 🛛 Bad Firm @badFirm · Aug 31

500 people copy Joe's trades. He made m754% in 1 year. Think he'll continue to gain? Start following him now! pic.twitter.com//...



It does not clearly identify itself as a promotion.

Doesn't comply with the past performance rules as it makes the indication of past performance the most prominent feature.

The promotion lacks balance, as it over-emphasises the benefits and includes an inadequate risk warning

## **Standalone Compliance Rotating Banner Example**

Get the most out of our financial plans with a Stocks and Shares ISA



### No initial charge on all funds until 30th of September



click **here** for more information Other charges may apply. Charges are reviewed regularly and are subject to change in the future. The value of your investment can go up and down so you may get back less than your initial investment. Time for you is authorised and regulated

The value of your investment can go up and down so you may get back less than your initial investment

The risk warning is clear in the last frame of a dynamic banner

## **Risk Warning Twitter Example**



Good Firm @goodFirm · Aug 31

To see our current mortgage offers, go to www.wharfmortgages.co.uk

← Reply 🔁 Retweet ★ Favourite … More

This is compliant as the signposting wording does not create a financial promotion: it simply encourages the recipient to find out more. If using an image it must in itself be compliant. Where the financial promotion triggers a risk warning this cannot appear solely in the image.

## **Image Advertising Instagram Example**



Good Firm





The risk warning is lost in surrounding text, which is also of much smaller font-size

## **Risk Warning Twitter Example**



Bad Firm @badFirm · Aug 31

To see our great mortgage offers, go to www.wharfmortgages.co.uk

← Reply ▲ Retweet ★ Favourite … More

This is non-compliant as the element of inducement with the word 'great' creates a promotion that then requires a risk warning.

You must include risk warnings or other statements in promotions for certain products/services. These rules are media-neutral and apply to social media

## Image Advertising **Instagram Example**



**Bad Firm** 



### ♥ 115 likes

**GoodFirm CITY SHARES - SPREADBETTING** 

For investments, image advertising is exempt from most of the detailed financial promotions rules and quidance in COBS 4, but it will still need to comply with the high-level 'fair, clear and not misleading' rule

#### 🎔 0 likes

**BadFirm CITY SHARES - COME AND** SPREADBET WITH US!

This instagram image advert goes beyond the image with the words "come and spreadbet with us" and is non-compliant as it does not give a fair and prominent indication of the relevant risks

To learn more visit The FCA's supervisory approach to financial promotions in social media



Gecko New Media Ltd is an established digital agency for the professional services sector.