

## Major Technology Companies Restrict Cryptocurrency Advertisements for Consumer Protection

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**UPDATE:** On March 26, 2018, Twitter confirmed the report referenced below and announced that cryptocurrency advertisements would be banned from its website as of March 27, 2018. Further, all ads relating to digital currency, other than public companies listed on major stock exchanges, will be removed from its website.

On March 14, 2018, Google announced that it will be updating its Financial Services Policy in June 2018 to restrict advertisements for cryptocurrencies and related content, including but not limited to initial coin offerings, cryptocurrency exchanges, cryptocurrency wallets and cryptocurrency trading advice. Google also advised that it will expand these restrictions to other potentially deceptive financial products, such as “Contracts for Difference”, which are derivative contracts used to speculate on the value of cryptocurrencies and involve a promise by a seller to provide compensation for an asset’s gain in value over a fixed period of time and for buyers to cover the losses.

This restriction by Google follows the growing trend of consumer protection steps taken by other large technology corporations relating to cryptocurrencies. For example, Facebook announced on January 30, 2018 that it has established a new policy prohibiting advertisements that “promote financial products and services that are frequently associated with misleading or deceptive promotional practices, such as binary options, initial coin offerings and cryptocurrency”. Facebook outlined that the policy is “part of an ongoing effort to improve the integrity and security of our ads, and to make it harder for scammers to profit from a presence on Facebook.” Reddit has also outlined in a recent statement to The Verge that it has blocked cryptocurrency-related advertisements since early 2016, pursuant to section II.4 and II.5 of its Advertising Policy. Unlike Facebook and Google, Reddit’s Advertising Policy does not specifically target cryptocurrencies, but prohibits advertisements related to “improbable, or unsubstantiated financial products and services” and “single securities or other tradable financial assets.” There has also been an unconfirmed report from news agency Sky News indicating that Twitter is preparing to issue a policy prohibiting a range of cryptocurrency advertisements in the near future.

The impact of these advertising restrictions should not be overlooked, as the combination of Google (which includes YouTube) and Facebook (which includes Instagram) is expected to account for over 60% of all digital advertisement investment in 2018, according to a report by eMarketer. These initiatives to protect retail investors fall in line with the views of the U.S. Securities and Exchange Commission (the “SEC”). The SEC most recently issued a public statement addressing the fact that many online trading platforms for

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cryptocurrencies and other digital assets are “potentially unlawful” and must be registered with the SEC.

## **We Can Help**

For more information about how Cassels can assist with your business, please contact Amanda Metallo or another member of our firm’s cross-disciplinary Emerging Companies Group.

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