GUIDELINES FOR ADVERTISING OF VIRTUAL DIGITAL ASSETS AND LINKED SERVICES

Preamble:

A Virtual Digital Asset (VDA) has been de ned as any information or code or number or token (not being Indian currency or foreign currency), generated through cryptographic means or otherwise, by whatever name called, providing a digital representation of value exchanged with or without consideration, with the promise or representation of having inherent value, or functions as a store of value or a unit of account including its use in any financial transaction or investment, but not limited to investment scheme, and can be transferred, stored or traded electronically.

These products are more commonly referred to as "crypto products" or Non-Fungible Tokens (NFTs)

Such products are a relatively new and an evolving form of investments. There is a need to protect consumer/investor interests, as users may not be aware of risks arising from this form of trading and investment. The market for VDAs is not regulated and can be very volatile, since it is usually not backed by any tangible assets. In order to ensure that consumers who deal in VDA products are fully aware of the risks, and are not misled, ads must comply with the ASCI "Guidelines for Virtual Digital Assets and Linked Services", so as not to Violate Chapter 1 of the ASCI code, particularly clauses 1.1, 1.4, 1.5. that require advertisements to be truthful, and not mislead consumers by implication, ambiguity, exaggeration or omission, and not framed in a way that abuse their trust or exploit their lack of knowledge.

Guidelines:

(1.1) All ads for VDA products and VDA exchanges, or featuring VDAs,must carry the following disclaimer.

"Crypto products and NFTs are unregulated and can be highly risky. There may be no regulatory recourse for any loss from such transactions."

Such a disclaimer must be made in the following manner so that it is PROMINENT and UNMISSABLE by an average consumer:

(a) In print or static, equal to at least 1/5th of the advertising space at the bottom of the advertisement in an easy-to-read font, against a plain background, and to the maximum font size afforded by the space.

(b) In video, the disclaimer should be placed at the end of the advertisement against a plain background. A voiceover must accompany the disclaimer in text. The voiceover should be at a normal speaking pace and must not be hurried. In the case of long format video of over ten minutes, the said disclaimer should be repeated at the beginning and at the end of the video. The disclaimer must remain on screen for a minimum of five seconds.

(c) In audio, the disclaimer must be spoken at the end of the advertisement. The voiceover should be at a normal speaking pace and must not be hurried. In the case of long format audio of over 90 seconds, the said disclaimer should be repeated at the beginning and at the end of the audio.

(d) In social media posts, such a disclaimer must be carried in all pictures or videos.

The disclaimer should be legible and in accordance with specifications laid down by ASCI's disclaimer guidelines clause 4.

(e) In disappearing stories or posts unaccompanied by text, the said disclaimer will need to be voiced at the end of the story in the manner laid out in points (a) or (b) above. If the video is 15 seconds or lesser, then the disclaimer may be carried in a prominent and visible manner as an overlay.

(f) In formats where there is a limit on characters, the following shortened disclaimer must be used "Crypto products and NFT's are unregulated and risky" followed by a link to the full disclaimer.

(g) The disclaimer must be made in the dominant language of the advertisement

(h) In addition to the above, all disclaimers must meet the minimum requirements laid down in the ASCI guidelines for disclaimers.

(2) The words “currency”, “securities”, “custodian” and “depositories” may not be used in advertisements of VDA products or services as consumers associate these terms with regulated products.

(3) The information contained in advertisements shall not contradict the information or warnings that the regulated entities provide to customers in the marketing of VDA products from time to time.

(4) Advertisements that provide information on the cost or profitability of VDA products shall contain clear, accurate, sufficient and updated information. For example, “zero cost” will need to include all costs that the consumer might reasonably associate with the o er or transaction.

(5) Information on past performance shall not be provided in any partial or biased manner. Returns for periods of less than 12 months shall not be included.

(6) Every advertisement for VDA products must clearly give out the name of the advertiser and provide an easy way to contact them (phone number or email). This information should be presented in a manner that is easily understood by the average consumer.

(7) No advertisement for VDA products or exchanges may show a minor, or someone who appears to be a minor, directly dealing with the product, or talking about the product.

(8) No advertisement may show that VDA products or VDA trading could be a solution to money problems, personality problems or other such drawbacks.

(9) No advertisement shall contain statements that promise or guarantee future increase in profits.

(10) No advertisement may show that understanding VDA products is so easy that consumers do not have to think twice about investing. Nothing in the ad should downplay the risks associated with the category.

(11) VDA products may not be compared to any other asset class which is regulated.

(12) Since this is a risky category, celebrities or prominent personalities who appear in VDA advertisements must take special care to ensure that they have done their due diligence about the statements and claims made in the advertisement, so as not to mislead consumers.

The guidelines will be applicable to all advertisements released or published on or after 1st April 2022. Advertisers and media owners must also ensure that all earlier advertisements must not appear in the public domain unless they comply with the guidelines, post 15th April 2022.

Chairman
Board of Governors, ASCI
September 29th, 2023