

VALCO TRADING

PROMOTIONS COMMUNICATION  
POLICY

(INDIA)

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# **Promotions Communications Policy**

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## Introduction

Valco Trading's Company policy provides information on and sets out our expectations of, the communication and approval of financial promotions relating to qualifying cryptoassets. The policy does not create new obligations for Valco Trading but relates to its existing regulatory obligations.

Within this Company policy, we set out our views of how Valco Trading may approach ensuring that financial promotions relating to qualifying cryptoassets comply with the Company's rules as set out by the Finance Ministry of India, ASCI (The Advertising Standards Council Of India) and the Department of Consumer Affairs. In particular, the requirement that a financial promotion is fair, clear, and not misleading.

Authorized persons communicating or approving financial promotions also need to consider their obligations under the Consumer Duty ('the Duty'). This Company policy highlights the type of steps that authorized persons may need to consider taking to meet these obligations under the Duty.

This Guidance is relevant to Valco Trading as :

- This Company, communicates or approves financial promotions relating to qualifying cryptoassets
  - This Company is registered under the Prevention of Money Laundering Act, 2002, Terrorist Act (Section 17, **Punishment for raising funds for terrorist act**)<sup>12</sup> and Transfer of Funds (Information on the Payer) Regulations (Section 194S) and it also communicates financial promotions relating to qualifying cryptoassets relying on the exemption.

This Company Policy is also relevant, to individuals and unauthorized persons who are seeking to understand or comply with our rules or are considering communicating cryptoasset financial promotions to Indian consumers.

The Indian Govt. cryptoasset financial promotion rules apply to Valco Trading :

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<sup>1</sup> Subs. by s. 6, *ibid.*, for section 17 (w.e.f. 1-2-2013).

<sup>2</sup> Subs. by s. 7, *ibid.*, for Chapter IV (w.e.f. 21-9-2004).

- as this Company communicates or approves financial promotions relating to qualifying cryptoassets
- as this Company is API/FYI registered, communicating financial promotions relating to qualifying cryptoassets in reliance on the exemption.

This “Effective Systems and Controls” Company Policy is designed to comply with our cryptoasset financial promotion rules, in particular, the core requirement that promotions are fair, clear, and not misleading. This requirement applies to all promotions communicated or approved by authorized persons or communicated by this API/FYI registered Company.

As Valco Trading is authorized to communicate or approve financial promotions, it also needs to consider its obligations under the Duty. This Company Policy highlights the type of steps that authorized persons may need to consider taking to meet their obligations under the Duty.

We know the cryptoasset market is evolving rapidly and will keep this Company Policy under review as market practice and regulation develops.

## Govt. guidance on Financial Transaction

A person must not, in the course of business, communicate an invitation or inducement to engage in investment activity (a financial promotion). This is known as the financial promotion restriction. **A breach of this restriction is a criminal offense punishable by imprisonment for a term which shall not be less than 6 months but which may extend to 10 years, an unlimited fine, or both.**

The financial promotion restriction does not apply if:

- the promotion is communicated by an authorized person
- the content of the promotion is approved by an authorized person

A financial promotion is an invitation or inducement to engage in investment activity. It can take many forms, including adverts placed in print, broadcast, or online media, marketing brochures, emails, websites, apps, or social media posts.

## Exemption for MLR-registered cryptoasset businesses

Although the definition of ‘qualifying cryptoassets’ in the scope of this regime is not laid down specifically in any specific Act in India, but as per the Government’s new policy and interest in electronic currency, Valco Trading takes every opportunity to legally promote cryptocurrency. Very broadly, ‘qualifying cryptoassets’ are any cryptographically secured digital representation of value or contractual rights that are transferable and fungible. They do not include cryptoassets which meet the definition of electronic money or an existing controlled investment.

The definition of ‘qualifying cryptoassets’ is broad and so it can cover many different types of cryptoassets (e.g. fiat-backed stablecoins). As a result, the extension of the financial promotion regime will apply to the communication of a wide range of promotions involving cryptoassets and related services and arrangements.

Beyond the financial promotion restriction, Valco Trading also considers whether any of their activities involving cryptoassets are regulated and whether they have the required authorization and appropriate permissions to conduct their business in India. For example, the Government has not, at this time, extended the regulatory perimeter to ‘qualifying cryptoassets’, and so they do not constitute a specified investment.

However, an arrangement relating to investment in, or which references, cryptoassets, might constitute a Collective Investment Scheme (‘CIS’) or units in a CIS. Derivatives relating to qualifying cryptoassets might also be specified investments. Activities carried out in relation to such derivatives might be regulated activities

## Approval cryptoasset-related financial promotions

Authorized Companies must not approve cryptoasset financial promotions unless they have the appropriate competence and expertise to do so. Authorized Companies that intend to approve cryptoasset financial promotions should also read the government's separate guidance on approving financial promotions. Valco Trading has specialized persons dedicated to this particular domain of work.

From 7 February 2024, authorized Companies approving the financial promotions of unauthorized Companies can only do so within the scope of:

a) a specific permission granted by the Govt. of India’s Finance Department; or

b) a relevant exemption.

Authorized Companies considering approving cryptoasset financial promotions for unauthorized Companies need to consider whether they require our permission to do so.

Valco Trading ensures that the promotion it approves complies with the relevant financial promotion rules, as well as the relevant rules under the Consumer Duty and must act to deliver good outcomes for the retail consumers who will see the promotion.

## Finance Department rules to firms communicating or approving financial promotions

The Government's Standard cryptoasset financial promotion rules apply to:

- Valco Trading, which communicates or approves financial promotions relating to qualifying cryptoassets FYI/API registered persons communicating financial promotions relating to qualifying cryptoassets in reliance on the exemption. These rules are set out in the Government of India (Allocation of Business) Rules, 1961, and primarily consist of :

- Principle 2A and Principle 12 (Communications with retailers/clients) including the cost-cutting rules applies to:

- i) firm (Valco Trading) communicating or approving financial promotions which are likely to be received by retail customers. As a result, FPAs need to ensure that the financial promotions they approve support retail consumers' understanding and deliver good outcomes. and

- ii) FYI/API-registered persons

- Principle 12 and PRINIPLE 2A apply to authorized persons/Companies communicating or approving financial promotions addressed to, or likely to be received by, retail customers

- Relevant parts of GEN (Statements about authorization and regulation by the appropriate regulator, use of FYI logo)

The requirement which underpins these rules is that a financial promotion must be fair, clear and not misleading.

## Ensurance that cryptoasset financial promotions to be fair

The relatively recent emergence of cryptoassets as an asset class means these investments are often subject to novel risks which are unlikely to be widely understood by prospective retail consumers. The variety of cryptoassets and cryptoasset-related models, and the relatively opaque nature of these investments, also increase the probability that individuals do not fully understand the investments promoted to them and the associated risks. We, at Valco Trading continue to believe that cryptoassets are high-risk investments and that consumers should understand they may lose all the money they invest. Valco Trading provides all possible information to interested individuals and makes sure that the interested individuals are not mid-guided and/or mis-led in any direction.

Given the lack of transparency about the purpose/functionality of some cryptoassets and cryptoasset-related models, Valco Trading undertakes significant due diligence on the cryptoassets to be promoted. Valco Trading takes particular care with the information they gives, and the way in which it is communicated, to ensure financial promotions are fair, clear, and not misleading. Valco Trading communicates or approves cryptoasset financial promotions to carefully consider consumers' information needs. In developing and reviewing financial promotions, the Company is particularly aware of the need to ensure that those receiving promotions are well-equipped to make clear, considered, and informed decisions as to whether investing in cryptoassets is right for them.

Against this background, the following sections of this Guidance consider some of the implications of our rules for the promotions of particular types of cryptoassets and cryptoasset-related models.

Valco Trading ensures that all cryptoasset financial promotions are fair, clear, and not misleading. In meeting this standard, the Company considers the means of communication, the information that is intended to be conveyed, and the type of consumer intended or expected to receive the information. The information is sufficient for and presented in a way that is likely to be understood by the type of consumer to whom it is directed, or who is likely to receive it.

When assessing whether a financial promotion is fair, clear, and not misleading the Company considers both the promotion's substance and presentation. Valco Trading considers the following factors when assessing this:

a. **Clarity and comprehension of the promotion.** Valco Trading ensures that all promotional materials are presented in a way that is easy to understand by consumers, considering the information needs of the likely recipients of the promotion. The Company also avoids using unnecessary jargon or complex language that may confuse or mislead consumers. Important information, statements, or warnings are not disguised, diminished, or obscured. We recommend interested individuals to review our Company Policy on prominence in financial promotions as well as the specific prominence requirements for risk warnings and risk summaries.

b. **Consumers' understanding of risks.** Valco Trading ensures that the promotion enables consumers to take an informed view of the risks of investing in cryptoassets. Promotions made by this Company do not trivialize the risks involved or take advantage of consumers' lack of experience or knowledge.

c. **Providing a balanced view of information.** PatBitoPro provides a balanced view of the potential risks and rewards associated with cryptoassets. This Company also avoids prominently promoting the benefits without providing an equally prominent indication of the risks involved.

d. **Exaggerated claims.** Valco Trading avoids making exaggerated claims about the potential benefits of cryptoassets. For example, claims about the return generated from investing in a cryptoasset or cryptoasset-related model when the claim itself is not a true representation of what a consumer can reasonably expect to make.

e. **Omitting relevant information.** Valco Trading does not omit information that would affect consumers' ability to make an informed decision about the overall investment proposition. For example, promoting this Company's services as 'commission free' without giving an equally prominent indication of other costs, fees and charges that may apply. Omitting relevant information will mean that the promotion is not fair, clear, and misleading, which this Company not only forbids but also has a dedicated person who ensures that the interested individual receives the perfect information without being misled.

f. **Accuracy of information.** Valco Trading ensures that all supporting information in the financial promotion, such as facts, figures, and statements, is accurate, up-to-date, and substantiated. This Company while promoting its business that relies on graphics and images should ensure they are current and are not produced in a way that would give a misleading impression about the investment.

g. **Past and future performance.** The sets out rules which Valco Trading strictly complies with when communicating or approving financial promotions which include information about past performance. This Company also has regard to the rules in that section on communicating information about future performance. **Where a financial promotion refers to past performance, it includes an adequate risk warning that past performance is not a reliable**



**indicator of future results.** Where the information includes an indication of future performance, this Company ensures that information is based on reasonable assumptions supported by up-to-date data. The information is also based on performance scenarios in different market conditions (both negative and positive) and reflects the nature and risks of the specific types of investments included in the analysis.

**h. Disclosing costs, fees and charges.** Financial promotions clearly outline any costs, fees and charges for the products or services promoted. This includes transaction fees, exchange fees, platform fees, and any other charges. Valco Trading presents this information in a straightforward and transparent way so potential consumers can make informed investment decisions.

**i. Effective systems and controls.** This Company has effective systems and controls to monitor the compliance of their promotions or promotions they approve with relevant rules and be able to amend or withdraw promotions in light of market developments or other events that could affect the fairness of claims made.

This Company strongly takes into consideration the existing guidance in government of India (Allocation of Business) Rules, 1961. In particular, as per the guidance in Amended up to 31st January, 2017 that a financial promotion should not describe a feature of a product or service as 'guaranteed', 'protected' or 'secure', or use a similar term unless:

- that term is capable of being a fair, clear, and not misleading description of it; and
- Valco Trading communicates all of the information necessary, and presents it with sufficient clarity and prominence, to make the use of the term fair, clear, and not misleading.

Valco Trading strictly follows the guidance in Allocation of Business Rules, 1961 that a financial promotion:

- that promotes an investment or service whose charging structure is complex, or
- for which the Company will receive more than one element of remuneration, includes the information necessary to ensure that it is fair, clear, and not misleading and contains sufficient information taking into account recipients' needs (ie the needs of the consumers to whom the promotion is directed).

We at Valco Trading generally expect that financial promotions are 'stand-alone compliant'. This means that each stage of a financial promotion must comply with our rules. However, we know that promotions of complex investments might require a high volume of supporting information or disclosure to ensure they communicate all the information a consumer might need. In this case,

this Company includes supporting hyperlinks or separate pathways for a consumer to access this information to make an informed decision. Valco Trading clearly and prominently brings links to additional information to the consumer's attention and gives them enough information to make an informed decision. Only including information on key risks in the later stages of the financial promotion consumer journey would not be sufficient to comply. Department of Finance, Advertising Rules and Allocation of Business Rules, 1961 provides further detail on the requirements for the prescribed risk warning and associated risk summary, for digital and non-digital mediums of communication.

## Application of the Consumer Duty to cryptoasset financial promotions

Valco Trading reminds individual consumers that communicating or approving cryptoasset financial promotions that the Duty applies to them came into force on 1 July 2022. Where applicable, the Duty will build upon the core requirement for communications to be fair, clear, and not misleading and strengthen the expectations of this Company communicating or approving cryptoassets financial promotions.

The Duty sets high standards across retail financial services markets. In particular, the Duty consists of:

- a new Consumer Principle (Principle 12) for Valco Trading to act to deliver good outcomes for retail customers
- cross-cutting rules
- a suite of rules under 4 outcomes for products and services, price and value, consumer understanding, and consumer support

This Company communicating or approving financial promotions considers its responsibilities under the Duty's general obligations for firms, particularly the cross-cutting rules and the consumer understanding outcome.

The cross-cutting rules include obligations to act in good faith towards retail customers, to avoid causing them foreseeable harm and to enable and support them to pursue their financial objectives.

Valco Trading takes into account customers' interests when presenting information while acting in good faith and avoiding foreseeable harm. In particular, this Company while communicating or approving a cryptoasset financial promotion acts in good faith and does not exploit or manipulate retail customers' behavioral biases and/or information asymmetries to mislead or create demand for a product. It does not take advantage of retail customers' vulnerabilities and avoids causing foreseeable harm. For example, cryptoasset financial promotions should not present communications in an unbalanced way where benefits are given undue prominence over risks or costs, or which trivialize risks to customers.

Foreseeable harm can be both a result of an act and an omission in the company's relationship with retail customers, such as, a failure to communicate clearly and in a timely way about the promoted cryptoassets's potential risks. **Valco Trading has a special Compliance team that makes sure that foreseeable harm does not affect its valuable customers.**

The Duty does not require firms to ensure customers always receive good investment returns: clearly, cryptoassets carry a risk of loss. The Company is not expected to protect their customers from risks that they reasonably believes, the customer understands and accepts.

Valco Trading, while communicating and approving financial promotions, also considers the overall product or service and what the relevant target customers can reasonably be expected to understand. There are a wide variety of cryptoasset products and services with different structures and risk profiles, and the medium of communication used may also add to the risk or complexity of a particular campaign.

Some cryptoassets may have a range of complex features and risks that can be hard for customers to understand. In this case, this Company considers that customers are likely to understand the information on risks and complexity of the promoted cryptoasset. Where the promotion and/ or the complexity of the cryptoasset are not likely to be understood, communicating or approving promotions for the relevant cryptoasset is unlikely to be compliant with Company's obligations under the Duty.

Valco Trading also considers how appropriate the method of communication is, particularly for promotions on social media. This will involve considering factors such as the likely audience on social media and the complexity of a product or service. Our Company may want to use social media to signpost potential customers towards other channels where more comprehensive information can be provided.

## Financial promotions for cryptoassets that claim their value is linked to a fiat currency

Certain cryptoassets are promoted on the basis that they offer a form of stability or that their value is linked to fiat currency. These are commonly referred to as 'stablecoins'. Valco Trading takes particular care when communicating or approving financial promotions involving cryptoassets which claim a form of stability or the value of which is linked to that of a fiat currency.

To ensure promotions of these cryptoassets are fair, clear, and not misleading this Company communicates or approves a financial promotion to conduct due diligence on claims about stability or links to a fiat currency. This Company is mostly able to demonstrate that claims of stability or links to a fiat currency are bona fide. For example, by providing details of how the form of stability is maintained and any assets used to maintain the stability.

Valco Trading does consider the potential harm to consumers and is confident that any claims regarding stability are genuine and can be substantiated. This Company does not use terms that could mislead consumers such as '**inflation resistant**'.

Where the relevant cryptoasset primarily relies on an algorithm or holdings of other cryptoassets to make such claims, Valco Trading likely considers a financial promotion making claims of stability to be in breach of the requirements and, where applicable, the Duty. This Company also consider claims that these cryptoassets can be a 'store of value' to be in breach of the requirements and, where applicable, and where such claims primarily rely on an algorithm or a reserve of other cryptoassets.

As part of the wider consumer journey requirements outlined in PS23/6, Valco Trading does disclose risks specific to cryptoassets that claim a form of stability in the risk summary. This Company does robustly assess consumers against their understanding of these risks as part of the appropriateness assessment as part of the consumer journey requirements. The assessments are designed to test if the consumer has sufficient knowledge and experience of the specific type of service or cryptoassets being promoted.

We will keep this Guidance under review and consider if changes are needed in light of market or regulatory developments.

## Financial promotions for complex yield cryptoasset models or arrangements

For the purposes of this Guidance, a financial promotion for a complex yield cryptoasset model or arrangement is a financial promotion where a person (Person A) markets the possibility for another person (Person B) to transfer or make available (e.g. give control of) their cryptoassets to Person A to use (either directly or indirectly). In return, Person B will receive a rate of return.

The activities underlying the financial promotions of complex yield models or arrangements for which consumers will receive a return may take a variety of forms. As a result, there will be differences in the complexity of such models and associated risks for consumers. For example, there will be distinct considerations within and between staking, borrowing, or lending models or arrangements.

For financial promotions relating to lending and borrowing models, there may be specific risks that should be disclosed, for example counterparty risk, credit risk, investment risk, and general transparency of onward arrangements.

Valco Trading also reminds its customers there is no industry-agreed terminology to define staking and there are a broad range of models that use the language of staking when communicating financial promotions. This Company also considers the risks of the staking models or arrangements they are promoting, and whether today they may fall within the definition of FYI/API.

Cryptoassets can sometimes be promoted as part of complex yield models or arrangements that claim certain rates of return can be achieved. In ensuring such claims are fair, clear and not misleading, Valco Trading conducts appropriate due diligence before communicating or approving a financial promotion containing claims of this nature.

Given the complexity and risks associated with these models or arrangements, Valco Trading takes particular care when promoting these to consumers. This Company also considers the possible harms these models or arrangements could expose consumers to, and whether they are likely to be appropriate for retail consumers.

PatBitPro clearly communicates the risks with these models or arrangements and demonstrates its ability to meet any promoted rates of return through documentation and publicly available evidence. Our Company also uses past performance information to support assertions about potential rates of return. However, it is important that any such use of past performance data complies with the relevant rules and, in particular, that it is clear to recipients that past performance is not a reliable indicator of future results.

A financial promotion of a complex yield model or arrangement would be unlikely to be considered fair, clear, and not misleading unless it set out with sufficient clarity and prominence the following:

- Clear evidence of how the advertised rates of return could be achieved. Evidence of achieving the advertised rates of return is made available to potential consumers before

an investment is made. Valco Trading generally gives an indication of future performance to be based on conditions including reasonable assumptions supported by objective data. This Company also considers the supporting documentation it makes available. This may include modeling, rationales and assumptions. The key is to make clear to consumers that there is evidence of how the rates of return have been calculated and that all relevant risks are accounted for. Advertised rates are not promoted as 'guaranteed'.

- Clear and prominent disclosure of the legal and beneficial ownership of a consumer's cryptoassets before they enter into an arrangement and the consequences if something goes wrong (for example, failure of the issuer or custodian)
- Clear and prominent disclosure of any fees, fixed and or variable rates, commissions, or other charges within the investment's structure or elsewhere that could materially affect the provider's ability to deliver advertised or targeted rates of return.
- Valco Trading in terms of communicating or approving a promotion stating a target rate of return does demonstrate it has appropriate access to data and systems and controls in place to ensure it keeps all targeted rates of return up to date. In the case of an approved promotion, the approver must take reasonable steps to monitor the continuing compliance of the financial promotion for the lifetime of the promotion.
- That the consumer is aware of the business model and all relevant risks associated with the complex yield cryptoasset model or arrangement. For example, risks if there is a rehypothecation of assets, additional onward transactions, if associated contractual arrangements fail, potential depreciation of the value of tokens, for example, from new minting, potential loss or hack of private keys held by the company.

Investments that offer high yields are often high risk and consumers should be comfortable with the risks before making an investment decision. As part of the wider consumer journey, Valco Trading prominently discloses risks specific to these types of cryptoasset models or arrangements in the risk summary. This Company also robustly assesses consumers against their understanding of these risks as part of the appropriateness assessment as part of the consumer journey requirements. The assessments are designed to test if the consumer has sufficient knowledge and experience of the specific type of service or cryptoassets being promoted.

## Financial promotions on social media

Valco Trading while communicating or approving financial promotions intended for this type (cryptoassets promotion) of channel about the Government's existing Guidance on its approach to financial promotions on social media. Given the potentially broad reach of social media to different types of consumers in India, this Company keeps in mind the guidance set regarding equality and diversity considerations. This includes accessibility guidelines and the expectation for our Company to consider the intended recipients of the promotions it communicates or approves for example in the language used in the promotion.

That the financial promotion regime and the Government's financial promotion rules are technology-neutral. This applies to financial promotions regardless of format or type of communication made on social media platforms (including, for example, Facebook, Instagram, YouTube, Reddit, X, Discord, and Telegram). Therefore, the financial promotion restriction also applies to communications through these platforms. Unauthorized persons who want to promote on social media may find it helpful to consider our infographic designed to help influencers when they are approached with the opportunity to promote a financial product or service as well as highlighting when they may be at risk of communicating financial promotions illegally.

Financial promotions on social media (including those communicated by, so-called, influencers) should disclose any relevant commercial relationships, for example, if they have been paid or commissioned to promote a cryptoasset or cryptoasset service.

## Due diligence before communicating a financial promotion

To comply with the existing requirements of the financial promotion regime our company conducts due diligence on both the cryptoasset or cryptoasset service it is promoting (or in relation to which they are approving promotions), and any claims made in the promotion. There are 3 main reasons why Valco Trading will need to conduct due diligence.

- **Disclosing of risks.** To ensure a financial promotion is fair, clear, and not misleading this Company conducts due diligence on the cryptoasset or cryptoasset service to understand its relevant risks. This is to enable it to accurately and clearly disclose those risks in the promotion, including in the required risk summaries, and to assess consumers' understanding of those risks as part of the appropriateness assessment through the customer journey.
- **Accuracy and fairness of claims made.** To ensure a financial promotion is fair, clear, and not misleading this Company conducts due diligence on any claims made in the

promotion. For example, claims about how a form of stability is maintained and claims on how advertised rates of return are achieved.

• **Supporting good consumer outcomes.** Beyond being able to ensure that a promotion is fair, clear, and not misleading, authorized persons communicating or approving cryptoasset financial promotions may need to conduct additional due diligence. This is to meet their obligations under the Duty, where relevant, to ensure promotions support good consumer outcomes and avoid causing foreseeable harm.

The extent and substance of the analysis and due diligence needed will vary from case-to-case. It will depend on, among other things:

- i) the form of the promotion;
- ii) the content of the promotion;
- iii) the nature of the cryptoasset and
- iv) the likely characteristics of the prospective recipients.

In conducting due diligence for a particular cryptoasset this Company considers (amongst other things):

- a. The authenticity and accuracy of the proposition in the relevant promotion. This may mean undertaking background checks on the issuer, developers, or other key individuals associated with the cryptoasset. It may also include reviewing the whitepaper and other documentation associated with the cryptoasset to ensure the proposition described in the promotion is accurate.
- b. The steps necessary to ensure the cryptoasset is not linked to fraudulent activity, scams, money laundering, or other financial crime.
- c. The operational or technological risks. This requires the Company to take reasonable steps to check the technological and operational risks associated with the cryptoasset, such as risks related to the blockchain it uses and understanding its vulnerability to hacks or code exploits. Any operational or technological risks are clearly conveyed to consumers.
- d. Understanding the environmental, social, and governance risks associated with the cryptoasset. This requires the Company to take reasonable steps to check whether any claims promoting potential environmental, social, or governance benefits are verifiable or



can reasonably be supported with evidence. Valco Trading also takes reasonable steps to understand the risks to the cryptoasset from decisions approved through an underlying governance protocol or directly by the issuer.

e. Conducting relevant legal and compliance checks. For example, to be satisfied that the cryptoasset does not constitute a specified investment and that the Companies activities involving the cryptoasset do not constitute regulated activities.

Valco Trading forms its own view of the risks of a cryptoasset to confirm that the requirements of the financial promotion rules are satisfied in relation to promotions for that cryptoasset. It is unlikely to be appropriate to accept at face value information provided by an unregulated person. However, in carrying out the types of assessment and analysis described here, this Company may be able to rely on information and analysis properly prepared by independent professional advisers. Firms should consider the suitability of relying on this type of information on a case-by-case basis.

Authorized persons considering approving a cryptoasset financial promotion should also consider the relevant guidance on due diligence set out in our guidance on approving financial promotions.

## Disclosing legal and beneficial ownership of a cryptoasset

Ownership of a cryptoasset can change, for example, under certain complex yield models or arrangements. In such cases, this Company clearly and prominently discloses the changes to legal and beneficial ownership of the cryptoasset before a consumer proceeds to enter into a relevant agreement. In particular, Valco Trading clearly and prominently discloses 'who' owns the legal and beneficial rights to the cryptoasset as part of the financial promotion.

As part of the appropriateness assessment, Valco Trading assesses whether consumers understand their legal and beneficial rights, and risks associated with it if they enter into an agreement involving the cryptoasset. For example, risks to the consumer if the firm becomes insolvent.

## Disclosure of the firm's regulated status

Valco Trading ensures that any promotion they communicate or approve does not give an inaccurate impression of the regulated status either of the Company or the cryptoasset to which the promotion relates. In particular, FYI/API-registered persons, which are not otherwise authorised

by the Government, must not suggest or imply that they are authorized by the API or that their FYI status is equivalent to being authorised. Further, this Company does not indicate or imply that their underlying cryptoasset activities or the cryptoassets themselves are regulated by the FYI.

Valco Trading does not use its regulated status in a promotional way, for example, by using its regulated status to claim or imply a competitive advantage over other firms/companies. Valco Trading does not claim or imply that its regulated status is an endorsement of the services it provide.

## Complying with Finance Department/FYI/API requirements

This Guidance is not exhaustive and is not a complete description of the steps that this Company takes when communicating cryptoasset financial promotions, or approving them for communication, to consumers. It is up to this Company to determine the extent of the analysis or review needed to confirm that a financial promotion complies with our rules set out.