

Ms Petra Hielkema  
Chair  
European Insurance and  
Occupational Pensions Authority  
(EIOPA)

Ms Verena Ross  
Chair  
The European Securities and  
Markets Authority (ESMA)

Mr José Manuel Campa  
Chair  
The European Banking Authority  
(EBA)

Ref.: BEUC-X-2023-072/MGO/cm

Brussels, 8 June 2023

**Subject: BEUC action on the misleading promotion of crypto assets on social media platforms**

Dear Ms Hielkema,  
Dear Ms Ross,  
Dear Mr Campa,

I am writing on behalf of BEUC, The European Consumer Organisation, to inform you that BEUC, together with nine of its member organisations, is launching an enforcement action addressing the misleading promotion of crypto assets ('crypto') on the social media platforms Instagram, TikTok, Twitter and YouTube under the Consumer Protection Cooperation Regulation.<sup>1</sup>

As you are probably aware due to the various warnings sent to retail investors by the European Supervisory Authorities (ESAs) in recent years, the online promotion of crypto assets is on the rise in Europe. Unfortunately, due to their high volatility and speculative nature, crypto is an extremely risky investment product for consumers. Unlike traditional investments, it is not backed by tangible assets and mainly based on investors' speculation. It is also well-documented that crypto promotion involves scams and unfair commercial practices, potentially resulting in heavy financial losses for consumers.

Online platforms, and more specifically social media platforms like Instagram, YouTube, TikTok and Twitter have become key players when it comes to advertising crypto. They enable advertisers and traders to publish and promote their ads and to reach out to wide audiences in an unprecedented way. They also provide advertisers and traders with the technical tools to target very specific audiences.

The approach of social media platforms to crypto advertising is very dubious and several of them still insufficiently enforce their own internal policies. Our research found ample evidence of the misleading promotion of crypto on Instagram, YouTube, TikTok and Twitter despite the platforms' advertising policies. Such practices are clearly an infringement of the EU Directive on Unfair Commercial Practices,<sup>2</sup> in particular the requirement for professional diligence that platforms must comply with.

.../...

---

<sup>1</sup> Article 27 of Regulation (EU) 2017/2394 of the European Parliament and of the Council of 12 December 2017 on cooperation between national authorities responsible for the enforcement of consumer protection laws.

<sup>2</sup> Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market ('Unfair Commercial Practices Directive').

This action is independent from the ongoing preparatory work around the implementation of the new Market in Crypto-Assets Regulation, since it covers market players not targeted by the new Regulation, namely social media platforms. In addition, by addressing these unfair practices, consumer authorities will ensure that consumers are less exposed to false promises and misleading claims around crypto. This would reinforce the efforts of the European Supervisory Authorities (ESAs) to make consumers aware of the risks of investing in such volatile assets.

In attachment, we enclose the report, 'Hype or Harm? The Great Social Media Crypto Con,' in which we also call on the CPC-Network to cooperate closely with the ESAs to ensure retail investors are protected against misleading practices surrounding crypto on social media.

We remain available to answer any questions or comments and look forward to continuing our fruitful cooperation.

Yours sincerely,

Monique Goyens  
BEUC Director General