

## The UK's Financial Conduct Charges Reality TV Stars With Illegal Financial Promotions

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The UK's Financial Conduct Authority ("FCA") has brought charges against several reality show participants for illegally issuing unauthorised financial promotions. These relate to an investment scheme that provided advice on buying and selling contracts for differences ("CFDs") without an authorisation to do so.

As a reminder, in 2018 the FCA imposed significant restrictions on firms offering CFDs and CFD-like options to retail customers. Having determined that CFDs are complex, leveraged derivatives, the FCA made its intervention in order to: limit leverage; require the closing out of a customer's position when funds fall to 50% of the required margin for open positions; provide protections such that a client cannot lose more than the total in their trading account; limit offers of inducements to trade; and require a standardised risk warning that tells potential customers of the percentage of retail accounts that make losses. These protections are on top of rules that require that financial promotions – which are broadly defined as any form of offer or inducement to engage in regulated financial activity – to be either issued or approved by an appropriately FCA-authorised firm.

In the case of this CFD scheme, the allegation is that the Instagram account @holly\_fxtrends provided advice on dealing in CFDs without the requisite authorisation, and its owners paid several reality stars to act as 'influencers' and promote the Instagram account to their followers, thereby issuing unauthorised communications of financial promotions. The FCA has been concerned for some time over the role of social media to communicate financial promotions in a way that engenders consumer harm, and addressed this in [FG24/1: Finalised guidance on financial promotions on social media \(fca.org.uk\)](#) published in March 2024. While recognising that social media has an increasingly important role to play in marketing strategies for financial products, the Guidance is clear that a financial promotion issued through such channels is subject to the same requirement and restrictions as a promotion issued through more traditional media.

A plea and trial preparation hearing has been fixed for 11 July for all six defendants.