

PAYBITOPRO

PROMOTIONS COMMUNICATION
POLICY

(AUSTRALIA)

MAY 2024



Introduction

PayBitoPro's Company policy provides guidelines and sets expectations for the communication and approval of financial promotions related to qualifying cryptoassets. This policy aligns with existing regulatory obligations and does not introduce new requirements for PayBitoPro.

This policy outlines PayBitoPro's approach to ensuring that financial promotions related to qualifying cryptoassets comply with regulatory standards, particularly those outlined by the Australian Securities and Investments Commission (ASIC) under the Corporations Act 2001 (the "Corporations Act"). It emphasizes the necessity for financial promotions to be fair, clear, and not misleading.

Individuals authorized to communicate or approve financial promotions must also consider their obligations under the Consumer Duty ('the Duty'). This policy highlights the steps that authorized persons may need to take to meet these obligations under the Duty, ensuring that all communications are transparent, accurate, and compliant with regulatory expectations.

This guidance is relevant to PayBitoPro because:

- The company communicates or approves financial promotions relating to qualifying cryptoassets.
- The company is registered with the Australian Transaction Reports and Analysis Centre (AUSTRAC) under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and relies on the exemption to communicate financial promotions relating to qualifying cryptoassets.

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 Australian consumers.

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



Within this Company policy, we outline how PayBitoPro may approach ensuring that financial promotions relating to qualifying cryptoassets comply with relevant regulations. In particular, the requirement that a financial promotion is fair, clear, and not misleading, as outlined by the Australian Securities and Investments Commission (ASIC) under the Corporations Act 2001.

This guidance is relevant to PayBitoPro because:

- The company communicates or approves financial promotions relating to qualifying cryptoassets. The company is registered with the Australian Transaction Reports and Analysis Centre (AUSTRAC) under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and complies with applicable anti-money laundering (AML) regulations when communicating financial promotions relating to qualifying cryptoassets.

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 Australian consumers.

This “Effective Systems and Controls” Company Policy is designed to comply with our cryptoasset financial promotion rules, particularly 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 AUSTRAC-registered company.

As PayBitoPro is authorized to communicate or approve financial promotions, it also needs to consider its obligations under applicable consumer protection laws. This Company Policy highlights the steps that authorized persons may need to take to meet their obligations under these laws.

We recognize that the cryptoasset market is evolving rapidly and will keep this Company Policy under review as market practices and regulations develop.

Govt. guidance on Financial Transaction

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



Our Perimeter Guidance Manual provides detailed guidance on the scope of the financial promotion regulations applicable in Australia.

Exemption for MLR-registered cryptoasset businesses

The definition of 'qualifying cryptoassets' under Australian regulations broadly refers to any cryptographically secured digital representation of value or contractual rights that are transferable and fungible. This definition excludes cryptoassets that meet the definition of electronic money or an existing regulated investment.

This broad definition can encompass various types of cryptoassets, such as fiat-backed stablecoins. As a result, the financial promotion regulations apply to a wide range of promotions involving cryptoassets, related services, and arrangements.

Beyond the financial promotion restriction, PayBitoPro also considers whether any of its activities involving cryptoassets are regulated and whether they have the necessary authorization and appropriate permissions to conduct their business in Australia. For instance, while the Australian regulatory framework has not specifically categorized 'qualifying cryptoassets' as a regulated investment, certain activities may still fall under existing regulations.

For example, arrangements related to investment in, or referencing, cryptoassets might be classified as Managed Investment Schemes (MIS) or units in an MIS. Derivatives related to qualifying cryptoassets might also be considered regulated investments, and activities related to such derivatives might be subject to regulatory oversight.

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 intending to approve cryptoasset financial promotions should also consult the relevant government guidance on approving financial promotions. PayBitoPro has specialized personnel dedicated to this specific domain.

Effective February 7, 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 relevant regulatory authority; or



b) a relevant exemption.

Authorized companies considering approving cryptoasset financial promotions for unauthorized companies need to determine whether they require permission from the relevant regulatory authority to do so.

PayBitoPro ensures that any promotion they approve complies with the relevant financial promotion regulations and applicable consumer protection laws. They must act to deliver positive outcomes for the retail consumers who will see the promotion.

Australian Securities and Investments Commission (ASIC) rules to firms communicating or approving financial promotions

The Australian Securities and Investments Commission (ASIC) rules for financial promotions related to cryptoassets apply to entities like PayBitoPro that communicate or endorse such promotions. These rules also apply to entities that rely on specific exemptions while promoting cryptoassets. The key aspects of these rules are:

- Communications with clients

The Australian Securities and Investments Commission (ASIC) rules for financial promotions related to cryptoassets apply to:

i) Authorized Persons/Companies (e.g., PayBitoPro): These are entities that communicate financial promotions or approve such promotions for communication to professional investors. They must ensure that their promotions are accurate, truthful, and not misleading, with clear risk disclosures prominently displayed.

ii) AML/CTF-Registered Persons: These are entities registered under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 that promote cryptoassets. Even if they rely on specific exemptions, they must still ensure compliance with ASIC rules, providing balanced information on risks and benefits and avoiding incentives that could lead to impulsive investment decisions.

These rules aim to protect investors by ensuring transparent, accurate, and fair communication in the promotion of cryptoassets under ASIC regulations.



Under ASIC regulations, the following principles apply to authorized persons or companies, such as PayBitoPro, when communicating or approving financial promotions addressed to or likely to be received by retail customers.

Principle 12 and RG 234:

- 1. Fair, Clear, and Not Misleading Communication:** Financial promotions must be fair, clear, and not misleading. They should present information in a manner that is straightforward and easily comprehensible for retail customers, ensuring all claims are truthful and balanced.
- 2. Risk Disclosures:** Promotions must include clear and prominent risk disclosures. This ensures that retail customers are well-informed about the potential risks associated with cryptoasset investments.
- 3. Prominence of Important Information:** Essential information, including risk warnings, must be prominently displayed to ensure retail customers can easily notice and understand the key details.
- 4. No Unjustified Incentives:** Financial promotions should not offer incentives that might encourage retail customers to make impulsive or reckless investment decisions. This includes avoiding promises of bonuses or rewards for investing in cryptoassets without a clear explanation of the associated risks.
- 5. Compliance and Approval:** Entities such as PayBitoPro must ensure that their promotions comply with ASIC regulations and obtain necessary approvals. This may involve having the promotion reviewed and approved by a qualified individual to ensure compliance with ASIC standards.

Under ASIC regulations, authorized persons or companies, such as PayBitoPro, must adhere to the following guidelines when communicating or approving financial promotions addressed to or likely to be received by retail customers. This includes statements about authorization and regulation by ASIC and the use of regulatory logos where appropriate. These guidelines aim to ensure that retail customers receive accurate, complete, and clear information about cryptoasset investments, enabling them to make well-informed decisions.

Ensuring that cryptoasset financial promotions to be fair

The relatively recent emergence of cryptoassets as an asset class means these investments often pose unique risks that may not be widely understood by prospective retail investors. The diversity of cryptoassets and related models, combined with their relatively opaque nature, increases the



likelihood that individuals may not fully comprehend the investments being promoted to them and the associated risks. We continue to emphasize that cryptoassets are high-risk investments, and consumers should be aware that they could lose all the money they invest. PayBitoPro diligently provides comprehensive information to interested individuals to ensure they are not misled or misinformed in any way.

Given the lack of transparency surrounding the purpose and functionality of some cryptoassets and cryptoasset-related models, PayBitoPro undertakes thorough due diligence on the cryptoassets it promotes. PayBitoPro places significant emphasis on the accuracy and clarity of information provided, ensuring that financial promotions are fair, clear, and not misleading. The company carefully considers consumers' information requirements when approving or communicating cryptoasset financial promotions. When developing and reviewing financial promotions, PayBitoPro is particularly mindful of ensuring that recipients are well-informed and capable of making informed decisions about whether investing in cryptoassets aligns with their interests and financial goals under Australian law.

Against this context, the following sections of this guidance address some of the implications of ASIC regulations concerning the promotion of specific types of cryptoassets and cryptoasset-related models.

Ensuring Fair, Clear, and Not Misleading Promotions

PayBitoPro ensures that all cryptoasset financial promotions comply with ASIC's requirements for fairness, clarity, and absence of misleading information. To uphold these standards, the company evaluates the communication method, the intended message, and the target audience's understanding level. The information provided is adequate and presented in a manner likely to be comprehended by the intended recipients or those who may receive it.

In assessing the fairness, clarity, and lack of misleading aspects of a financial promotion, PayBitoPro considers both its substance and presentation. The company takes into consideration the following factors during this assessment:

Clarity and Comprehension of the Promotion

PayBitoPro ensures that all promotional materials are presented in a clear and understandable manner for consumers, considering the information needs of potential recipients. The company avoids unnecessary jargon or complex language that could confuse or mislead consumers. Important information, statements, or warnings are prominently displayed and not obscured or diminished. We encourage interested individuals to review our Company Policy on the prominence of financial promotions, including specific requirements for highlighting risk warnings and summaries of risks.



Compliance with Australian Law

To comply with Australian laws, including those overseen by the Australian Competition and Consumer Commission (ACCC) and the Australian Securities and Investments Commission (ASIC), PayBitoPro ensures:

- 1. Clear and Prominent Disclosures:** All disclosures, including those relating to risks, costs, and key terms, are clear and prominently displayed. They are designed to be easily noticeable and understandable by an average consumer.
- 2. Truthful Representation:** All promotional materials must be truthful and not misleading. Claims must be substantiated, particularly when they involve potential earnings, investment returns, or other financial benefits.
- 3. Fair Presentation of Information:** Promotional content must provide a balanced perspective, covering both the potential advantages and risks associated with the product or service. This is especially crucial for financial products.
- 4. Prohibition of Misleading Practices:** Any practices that could be considered misleading under the Australian Consumer Law, such as concealing important information or presenting it in a way that may deceive consumers, are strictly avoided.
- 5. Adherence to ASIC Guidelines:** When promoting securities or investment opportunities, PayBitoPro adheres to ASIC guidelines to ensure the accuracy of all statements and the clear communication of risk factors.

By adhering to these principles, PayBitoPro upholds transparency and trust with its consumers, ensuring compliance with Australian laws and regulations governing promotional activities. When assessing whether a financial promotion is fair, clear, and not misleading, PayBitoPro considers both the substance and presentation of the promotion. The following factors are evaluated:

Ensuring Fair, Clear, and Not Misleading Financial Promotions

When assessing whether a financial promotion is fair, clear, and not misleading, PayBitoPro considers both the substance and presentation of the promotion. The following factors are evaluated:

a. Clarity and Comprehension of the Promotion

- **Presentation:** All promotional materials are designed to be easy for consumers to understand, considering the information needs of the likely recipients.
- **Avoiding Complexity:** The company avoids unnecessary jargon or complex language that may confuse or mislead consumers.
- **Transparency:** Important information, statements, or warnings are not disguised, diminished, or obscured.



- **Policy Review:** Interested individuals are encouraged to review our Company Policy on prominence in financial promotions and the specific prominence requirements for risk warnings and risk summaries.

b. Consumers' Understanding of Risks

- **Informed Decision-Making:** Promotions enable consumers to form an informed view of the risks of investing in cryptoassets.
- **No Trivialization:** Risks are not trivialized, and the promotions do not exploit consumers' lack of experience or knowledge.

c. Providing a Balanced View of Information

- **Equitable Information:** PayBitoPro presents a balanced view of the potential risks and rewards associated with cryptoassets.
- **Risk Awareness:** Benefits are not promoted without an equally prominent indication of the associated risks.

d. Exaggerated Claims

- **Accuracy:** The company avoids making exaggerated claims about the potential benefits of cryptoassets.
- **Realistic Expectations:** Claims about potential returns are realistic and reflect what a consumer can reasonably expect.

e. Omitting Relevant Information

- **Complete Information:** PayBitoPro does not omit information that would impact consumers' ability to make an informed decision.
- **Full Disclosure:** Promotions labeled as 'commission-free' also disclose any other costs, fees, and charges that may apply.

f. Accuracy of Information

- **Verification:** All supporting information, such as facts, figures, and statements, are accurate, up-to-date, and substantiated.
- **Non-Misleading Visuals:** Graphics and images used in promotions are current and not misleading.



g. Past and Future Performance

- **Past Performance:** Promotions referring to past performance include a risk warning that past performance is not a reliable indicator of future results.
- **Future Performance:** Information about future performance is based on reasonable assumptions and supported by up-to-date data, reflecting various market conditions.

h. Disclosing Costs, Fees, and Charges

- **Transparency:** Financial promotions clearly outline any costs, fees, and charges, including transaction fees, exchange fees, platform fees, and any other charges.
- **Straightforward Presentation:** This information is presented in a straightforward and transparent manner.

i. Effective Systems and Controls

- **Compliance Monitoring:** The company has effective systems and controls to monitor the compliance of their promotions with relevant rules.
- **Adaptability:** Promotions can be amended or withdrawn in light of market developments or other events that could affect the fairness of claims made.

Application of the Consumer Duty to cryptoasset financial promotions

PayBitoPro reminds individual consumers that when communicating or approving cryptoasset financial promotions, they are subject to the Consumer Duty. The Duty enhances the core requirement for communications to be fair, clear, and not misleading, setting high standards across retail financial services markets.

The Duty includes:

- A new Consumer Principle requiring PayBitoPro to act in the best interests of retail customers.
- Cross-cutting rules aimed at ensuring firms act in good faith, avoid causing foreseeable harm, and support customers in pursuing their financial objectives.
- Specific rules under four outcomes: products and services, price and value, consumer understanding, and consumer support.

When communicating or approving financial promotions, PayBitoPro considers its obligations under the Duty's general obligations, particularly the cross-cutting rules and the consumer understanding outcome.



The cross-cutting rules require PayBitoPro to:

- Act in good faith towards retail customers.
- Avoid exploiting or manipulating customers' behavioral biases or information asymmetries.
- Not take advantage of customers' vulnerabilities.
- Avoid causing foreseeable harm, including through clear and timely communication about potential risks associated with promoted cryptoassets.

PayBitoPro's Compliance team ensures that all promotions comply with these obligations and safeguards customers against foreseeable harm. The company acknowledges that the Duty does not guarantee good investment returns and does not absolve customers from understanding and accepting the risks associated with cryptoassets.

To support customer understanding, PayBitoPro ensures that financial promotions:

- Meet the information needs of customers.
- Are presented in a manner likely to be understood by their intended recipients.
- Equip customers to make well-informed decisions.
- Are tailored to the characteristics and vulnerabilities of the target customers, considering the complexity of products and the communication channels used.

Given the diverse range of cryptoasset products and services and their varying risk profiles, PayBitoPro evaluates whether customers are likely to understand the promoted cryptoasset's risks and complexities. Promotions for cryptoassets that are not likely to be understood by customers may not comply with the Duty.

PayBitoPro also assesses the suitability of communication methods, especially for promotions on social media, taking into account the audience and the complexity of the products. The company may direct potential customers to other channels for more comprehensive information where necessary.

Overall, PayBitoPro ensures compliance with Australian law by adhering to the Consumer Duty's requirements and striving to protect retail customers while promoting cryptoasset investments responsibly.



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

For the purposes of this guidance, a financial promotion for a complex yield cryptoasset model or arrangement involves marketing the opportunity for one person (Person A) to receive a return by transferring or making their cryptoassets available to another person (Person B), who will utilize them directly or indirectly.

The activities underlying these financial promotions can vary widely, resulting in differences in the complexity of these models and the associated risks for consumers. Different considerations arise within and between staking, borrowing, or lending models or arrangements.

Financial promotions related to lending and borrowing models must disclose specific risks such as counterparty risk, credit risk, investment risk, and the transparency of onward arrangements.

PayBitoPro also informs consumers that there is no universally accepted terminology for defining staking, and a broad range of models use staking-related language in financial promotions. The company evaluates the risks associated with the staking models or arrangements it promotes, considering whether they could potentially fall under the definition of a Managed Investment Scheme (MIS).

Cryptoassets are sometimes promoted within complex yield models or arrangements that claim to offer certain rates of return. Ensuring these claims are fair, clear, and not misleading requires firms to conduct thorough due diligence before communicating or approving such financial promotions.

Due to the complexity and risks involved, PayBitoPro exercises particular caution when promoting these models or arrangements to consumers. The company also assesses the potential harms these models or arrangements could pose to consumers and evaluates their suitability for retail customers.

PayBitoPro ensures transparency by clearly communicating risks associated with these models or arrangements and substantiates advertised rates of return through documentation and publicly available evidence. Past performance information is used to support assertions about potential returns, ensuring compliance with relevant rules, and clarifying to consumers that past performance is not indicative of future results.

A financial promotion for a complex yield model or arrangement must prominently disclose:



- Clear evidence of how advertised rates of return are achievable, supported by evidence available to potential consumers before investment.
- Clear and prominent disclosure of legal and beneficial ownership of consumers' cryptoassets before entering an arrangement, and implications in case of issuer or custodian failure.
- Transparent disclosure of any fees, rates, commissions, or charges that could significantly impact the provider's ability to deliver advertised returns.
- PayBitoPro demonstrates access to necessary data and robust systems and controls to maintain updated information on targeted rates of return for approved promotions.

Consumers must be fully informed about the business model and all relevant risks associated with complex yield cryptoasset models or arrangements, including rehypothecation risks, contractual failures, token depreciation, and potential loss or theft of private keys held by the company.

Investments offering high yields typically entail high risks, and consumers must fully comprehend these risks before making investment decisions. As part of the consumer journey, PayBitoPro prominently discloses specific risks associated with these cryptoasset models or arrangements in the risk summary. The company rigorously assesses consumers to ensure they understand these risks and have the appropriate knowledge and experience regarding the promoted services or cryptoassets.

PayBitoPro acknowledges that some cryptoassets and associated models/arrangements may constitute specified investments, such as derivatives or units in Managed Investment Schemes (MIS). It is crucial for the company engaged in cryptoasset-related business to understand the regulatory categorization of the investments or activities in which it is involved under Australian law.

Ensuring Fair, Clear, and Not Misleading Promotions

1. Stability and Fiat Currency Linkage Claims

- **Due Diligence:** PayBitoPro conducts thorough due diligence on claims about the stability of cryptoassets or their linkage to fiat currency.
- **Verification:** The company ensures that claims of stability or fiat currency linkage are genuine, providing details on how stability is maintained and what assets are used.



2. Communication and Consumer Protection

- **Genuine Claims:** PayBitoPro does not use misleading terms like 'inflation resistant' unless they can be substantiated.
- **Algorithm-based Claims:** Claims of stability primarily relying on algorithms or other cryptoassets are scrutinized and likely considered non-compliant if misleading.

3. Disclosure of Specific Risks

- **Risk Summary:** PayBitoPro discloses specific risks associated with cryptoassets claiming stability in the risk summary.
- **Consumer Assessment:** The company assesses consumers' understanding of these risks as part of the appropriateness assessment during the consumer journey.

Complex Yield Cryptoasset Models or Arrangements

Promotion and Due Diligence

1. Definition and Scope

- **Complex Yield Models:** Financial promotions involving the transfer or control of cryptoassets in exchange for a rate of return.
- **Variety of Forms:** Differences in complexity and associated risks within staking, borrowing, or lending models.

2. Risk Disclosure

- **Specific Risks:** Disclosures include counterparty risk, credit risk, investment risk, and transparency of onward arrangements.

3. Staking Models

- **Terminology and Risks:** The company acknowledges the lack of industry-agreed terminology for staking and considers the risks associated with different staking models.

4. Ensuring Fair, Clear, and Not Misleading Claims

- **Due Diligence:** Firms must conduct appropriate due diligence before making claims about potential rates of return.
- **Evidence and Documentation:** Claims must be supported by documentation and publicly available evidence, ensuring past performance data is compliant with relevant rules.



5. Required Disclosures

- **Rates of Return:** Clear evidence of how advertised rates of return can be achieved and made available before investment.
- **Ownership and Consequences:** Disclosure of legal and beneficial ownership of cryptoassets and consequences of issuer or custodian failure.
- **Fees and Charges:** Transparent disclosure of any fees, rates, commissions, or charges that could affect advertised rates of return.

6. Monitoring and Compliance

- **Data Access:** Demonstrating access to data and systems to keep targeted rates of return up-to-date.
- **Lifetime Compliance:** Ongoing monitoring of compliance for the lifetime of the promotion.

7. Risk Communication

- **Comprehensive Disclosure:** Clear communication of all relevant risks, including rehypothecation of assets, additional transactions, token depreciation, and potential loss or hacks.
- **High-Yield Risks:** Emphasis on the high risks associated with high-yield investments, ensuring consumers are comfortable with the risks before investing.

Regulatory Compliance

1. Understanding Regulatory Requirements

- **Specified Investments:** Awareness that some cryptoassets and models may constitute specified investments, such as derivatives or units in a Collective Investment Scheme (CIS).
- **Authorization Requirements:** Activities related to these investments may require authorization under the Financial Services and Markets Act (FSMA).

2. Ongoing Review

- **Market and Regulatory Developments:** Continuous review and adaptation of guidance in response to market and regulatory developments.

By adhering to these principles and regulatory guidelines, PayBitoPro ensures that all financial promotions are fair, clear, and not misleading, maintaining transparency and trust with consumers while complying with U.S. laws and regulations.



Financial promotions on social media

Compliance with Government Guidance

1. Adherence to Government Guidelines

- **Government Guidance:** PayBitoPro ensures that all financial promotions comply with the Government's existing guidance on financial promotions on social media.
- **Equality and Diversity:** The company adheres to equality and diversity considerations, ensuring promotions are accessible and consider the intended recipients, particularly in the language used.

2. Technology-Neutral Financial Promotion Rules

- **Universal Application:** The financial promotion regime and government rules apply regardless of the format or type of communication on social media platforms, including YouTube, Reddit, X (formerly Twitter), Discord, and Telegram.
- **Restrictions:** Financial promotion restrictions apply to communications through these platforms. Unauthorized persons must comply with these regulations to avoid illegal promotions.

3. Guidance for Unauthorized Persons and Influencers

- **Infographic Resource:** Unauthorized persons and influencers are encouraged to review the infographic designed to help them understand when they might be at risk of communicating financial promotions illegally.
- **Commercial Relationships:** Financial promotions on social media must disclose any relevant commercial relationships, such as being paid or commissioned to promote a cryptoasset or cryptoasset service.

Ongoing Review and Policy Updates

1. Continuous Review

- **Guidance Review:** PayBitoPro continually reviews its guidance and updates it based on market or regulatory developments, including broader guidance on financial promotions on social media.



- **Consultation Outcomes:** The company will consider any changes needed following consultation and regulatory updates.

2. Familiarization with Company Policy

- **Policy Awareness:** Individuals involved in financial promotions should familiarize themselves with PayBitoPro's policy guidance to ensure compliance.

By adhering to these guidelines, PayBitoPro ensures that all financial promotions on social media are fair, clear, and not misleading, maintaining transparency and trust with consumers while complying with Australian laws and regulations.

Due diligence before communicating a financial promotion

To comply with existing requirements of the financial promotion regime, PayBitoPro conducts thorough due diligence on both the cryptoasset or cryptoasset service it promotes, as well as any claims made in the promotion. There are three main reasons why this due diligence is essential:

- **Disclosure of Risks**

Understanding Risks: To ensure a financial promotion is fair, clear, and not misleading, PayBitoPro conducts due diligence to understand the relevant risks associated with the cryptoasset or cryptoasset service.

Accurate Risk Disclosure: This understanding enables accurate and clear disclosure of those risks in the promotion, including in the required risk summaries.

Consumer Assessment: The company assesses consumers' understanding of these risks as part of the appropriateness assessment throughout the customer journey.

- **Accuracy and Fairness of Claims Made**

Verification of Claims: Due diligence is conducted on any claims made in the promotion to ensure they are fair, clear, and not misleading.

Stability and Returns: For example, claims about how stability is maintained or how advertised rates of return are achieved are thoroughly vetted.



- **Supporting Good Consumer Outcomes**

Additional Obligations: Beyond ensuring that a promotion is fair, clear, and not misleading, PayBitoPro may conduct additional due diligence to meet obligations under relevant duties, ensuring promotions support good consumer outcomes and avoid foreseeable harm.

Extent and Substance of Due Diligence

The extent and substance of the due diligence required will vary depending on several factors:

- **Form of the Promotion:** The format in which the promotion is delivered.
- **Content of the Promotion:** The specific information and claims included in the promotion.
- **Nature of the Cryptoasset:** Characteristics and attributes of the cryptoasset being promoted.
- **Characteristics of Prospective Recipients:** The likely attributes and understanding of the intended audience.

Specific Due Diligence Considerations

When conducting due diligence for a particular cryptoasset, PayBitoPro considers the following:

a. Authenticity and Accuracy

- **Background Checks:** Verifying the authenticity of the proposition by conducting background checks on the issuer, developers, or other key individuals associated with the cryptoasset.
- **Document Review:** Review the whitepaper and other documentation to ensure the accuracy of the proposition described in the promotion.

b. Fraud and Financial Crime Prevention

- **Anti-Fraud Measures:** Ensuring the cryptoasset is not linked to fraudulent activity, scams, money laundering, or other financial crimes.

c. Operational or Technological Risks

- **Risk Assessment:** Evaluating technological and operational risks, such as blockchain vulnerabilities, hacks, or code exploits.
- **Risk Communication:** Clearly conveying any identified operational or technological risks to consumers.



d. Environmental, Social, and Governance (ESG) Risks

- **ESG Claims:** Verifying claims about potential environmental, social, or governance benefits.
- **Governance Protocols:** Understanding risks from governance decisions approved by underlying protocols or the issuer.

e. Legal and Compliance Checks

- **Legal Status:** Ensuring the cryptoasset does not constitute a specified investment.
- **Regulatory Compliance:** Confirming that the company's activities involving the cryptoasset do not require permission or exemption under the Financial Services and Markets Act (FSMA).

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- **Legal Status:** Ensuring the cryptoasset does not constitute a specified investment under Australian law.
- **Regulatory Compliance:** Confirming that the company's activities involving the cryptoasset do not require permission or exemption under the Corporations Act 2001.

Disclosure of the Firm's Regulated Status

PayBitoPro 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, entities registered with AUSTRAC, which are not otherwise authorized by the Government, must not suggest or imply that they are authorized by ASIC or that their AUSTRAC registration is equivalent to being authorized. Further, this company does not indicate or imply that their underlying cryptoasset activities or the cryptoassets themselves are regulated by ASIC.

PayBitoPro does not use its regulated status in a promotional way. For example, it does not use its regulated status to claim or imply a competitive advantage over other firms/companies. PayBitoPro does not claim or imply that its regulated status is an endorsement of the services it provides.

