SUGGESTIONS FOR DELIVERING THE RECOMMENDATIONS OF THE SCIENCE, INNOVATION AND TECHNOLOGY COMMITTEE

The policy solutions below were submitted to the Government in correspondence in August 2025 to help inform their response to the Science, Innovation and Technology Committee's report on [Social Media, Misinformation and Harmful Algorithms](). These reflect collaborative work between a number of organisations.

Recommendation: **"Government should mandate 'Know Your Customer' checks for participants in the programmatic advertising supply chain, as exists in other large markets. The government should also ensure that platforms disclose full ad campaign data, and allow independent third party audits and vetting of ad exchange supply partners."** *Science, Innovation and Technology Committee: Social media, misinformation and harmful algorithms, Page 49,*

Proposal: Greater transparency on who is profiting from online advertising is vital to reduce the myriad of financial and other harms that arise from the currently opaque system and to prevent fraudsters from entering the system in the first place. HM Treasury can swiftly introduce Know Your Customer (KYC) regulations through the introduction of an SI under the *Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017* via a statutory instrument under the Financial Services and Markets Act 2000 or the Economic Crime and Corporate Transparency Act 2023.

Regulation can be modelled on a similar amendment recently introduced to extend the AML regime to cryptocurrency exchanges, and we have attached a draft of that to this letter for reference. In effect, this would regulate the online advertising system in line with other large-scale financial transaction systems, including the stock exchange, with mandatory KYC requirements to ensure all parts of the supply chain are transparent and verified.

These standard KYC checks are well known to business, are commonplace across many sectors and required for basic activities including opening a bank account. We expect that the administrative burden for most businesses would be minimal, and that an aggregated solution – which already exists in sectors with KYC requirements – would be developed in short order to ensure the verification could be undertaken quickly and seamlessly.

In addition to improved transparency, this would also assist with traceability, making it easier for brands to see where their content goes and providing information that would assist them in deciding whether or not placements align with their commercial objectives and values. This would also make it harder for platforms to avoid taking responsibility for supporting criminal content or activity via ad funding. Finally, it would act as a barrier to fraudsters using the online advertising system to target consumers, and provide much needed protections to a part of the advertising ecosystem which is not covered by the Online Safety Act.

We understand that there may be some concerns within parts of Government about the impact of additional regulatory burdens on businesses, particularly SMEs, but would argue that this is a necessary intervention given the role that a significant proportion of very small businesses play in rising levels of online fraud and scams and the consequential costs to individuals, the economy and the criminal justice system as a result. The minor additional friction created by KYC checks is far outweighed by the societal and economic benefits of rooting out bad actors from the system.

Advertisers are increasingly driving change and demanding transparency, however, the barriers to taking control of the advertising supply chain means that it can be difficult to make decisions about whether to advertise adjacent to hate speech and misinformation, but also that could also reduce carbon within media plans and increase investment in journalism.

The United Nations Global Principles on Information Integrity, also referenced within the report, calls for advertisers to: “Obligate transparency. Require ad tech companies to adopt transparency standards that enable end-to-end validation of the advertising tech supply chain, and share full advertising campaign data with clients and researchers including placement and blocking data at the log level.”

Stakeholders have a right to transparent supply chains. This should be at all levels including advertisers, auditors, regulators, civil society and victims.

Recommendation: **“Ofcom should be empowered to give penalty notices to platforms when they allow harmful content to be monetised through their services. These penalties should be based on a formula that considers: the severity of harm, the amount of revenue the publisher received, the amount of revenue the platform received, and the number of individuals that encountered the harmful content. The revenue generated from these penalties should be used to support victims of online harms.”**
Science, Innovation and Technology Committee: Social media, misinformation and harmful algorithms, Page 49,

Proposal: Under the scope of the OSA, Ofcom is likely to have the powers it needs to enable this. The regulator, however, has not considered the impact of monetisation in its evidence reviews of the risk factors that cause harm which have informed both its illegal harms or protection of children’s codes.

An additional proposal, which might also need an OSA amendment, would be to give Ofcom power to demand detailed log-level advertising data from platforms for systemic audits; this would improve transparency and accountability.

Recommendation: **"Government should ask the Advertising Standards Authority to establish comprehensive guidelines for all actors within the digital advertising ecosystem and supply chain. These should be informed by the UN's 2024 Guiding Principles for Information Integrity and developed in consultation with civil society, academics, experts, industry and policymakers. It should be designed to remove incentives for algorithmic acceleration of harmful or misleading content whilst upholding freedom of expression; ensure advertisers can avoid harmful content; and ensure transparency in technologies with public safety implications, such as digital advertising."** *Science, Innovation and Technology Committee: Social media, misinformation and harmful algorithms, Page 48*

The Government has an imminent opportunity to take forward these recommendations by legislating in the upcoming Cyber Security and Resilience Bill, given its focus on preventing malicious state activity: advertising systems being vectors for such activity.

However, we would recommend that the government looks to statutory bodies, such as OFCOM to implement the guidance from the SIT Committee, above, with the Advertising Standards Authority as a technical partner as it is a form of self-regulation for the industry.

Further recommendations

In our letter to Government Ministers, we also suggested a few other policy recommendations that could address the charms arising from online advertising. These included:

Economic Crime and Corporate Transparency Act (ECCTA) 2023: The Act introduces a new corporate criminal offence: "failure to prevent fraud", which comes into force on 1 September. The Government should make clear that this offence has significant implications for advertising and marketing businesses. Any organisation meeting the criteria of a large organisation, and engaging in advertising activities, could be held liable for fraudulent activities committed by their employees or associates in relation to advertising campaigns, even if they were unaware of the fraud. This could complement systemic regulation by incentivising large brands to demand supply-chain transparency.

Opting out of targeted adverts: the Government should support the ICO's position that online advertising is a form of direct marketing. This would give individuals (and parents of children) the right to opt-out of targeted adverts. These can be particularly harmful as the targeted adverts fly under the radar and can target vulnerable individuals with messages e.g. targeting gambling adverts at people who are economically marginalized or beauty adverts to young women already exhibiting signs of self-image distress. It also creates a level playing field between big tech and other forms of direct marketing that already have to abide by GDPR and PECR rules around marketing consent.

Reconstitute the Online Advertising Taskforce: The work of the Taskforce to date has been welcome but limited. We recommend that academic and civil society representatives are added to its membership and its remit is broadened to investigate systemic AdTech issues, beyond content moderation.