

PRESS RELEASE

ESMA addresses investment recommendations made on social media platforms

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, issued today a Public Statement on investment recommendations made on social media. ESMA makes clear what investment recommendations are, how to post them on social media platforms and what the consequences of possible breaches of the EU Market Abuse Regulation can be.

Investor protection is at the core of ESMA's objectives together with financial stability and ensuring stable and orderly markets. Following a rise in investment recommendations made on social media and a concern that retail investors are not aware of the risks associated with following such recommendations, ESMA considers that investment recommendations must be produced and disseminated in an objective and transparent way so that investors, before making any investment decision, can distinguish facts from opinions. It is also crucial that investors are able to easily identify the source of information and any conflicts of interest of those making the recommendations.

Anneli Tuominen, Interim Chair said:

"In times where social media platforms are a key source of information for retail investors, I believe it is important that they should be aware of the risks associated with relying on recommendations disseminated on social media when making investment decisions."

"The aim of the Statement is also to remind those who recommend investments on social media and other similar platforms of the applicable rules and what happens when those are not respected."

If the rules relating to investment recommendations are not adhered to, there can be fines or further supervisory actions, which in case of dissemination of false or misleading information may potentially include the referral to Public Prosecutors for market manipulation.



DO YOU USE SOCIAL MEDIA TO TALK ABOUT INVESTMENTS AND TRADING?

Sharing and contributing to off/online discussions can be considered as **investment recommendations** under EU law. Specific **rules** apply when giving such advice.



EU Market Abuse Regulation



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HOW TO POST INVESTMENT RECOMMENDATIONS ON SOCIAL PLATFORMS?

-  Disclose your identity
-  Disclose your sources, distinguish facts, interpretations, and price targets
-  Indicate date and time
-  Disclose any interests or conflicts of interest
-  Summarise methodology, planned updates, previous recommendations etc.



You propose a particular investment decision



You frequently propose investment decisions and you appear to have financial expertise



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WHAT HAPPENS IF THE RULES ON INVESTMENT RECOMMENDATIONS ARE NOT RESPECTED?



Misleading information → Risk of market manipulation



EU national regulators proactively track conduct, orders, and transactions by investors



The EU Market Abuse Regulation is not respected →  fines
 referral to Public Prosecutors



Rules always apply, even in the case of disclaimers
(e.g. claiming something is not an investment recommendation and/or someone is not an expert)



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European Securities and Markets Authority



Notes for editors

1. [Statement – Episodes of very high volatility in trading of certain stocks](#)
2. [Public Statement – ESMA warns firms and investors about risks arising from payment for order flow and from certain practices by “zero-commission brokers”](#)
3. ESMA is the European Union’s securities markets regulator. Its mission is to enhance investor protection and promote stable and orderly financial markets.
4. It achieves these objectives through four activities:
 - i. assessing risks to investors, markets and financial stability;
 - ii. completing a single rulebook for EU financial markets;
 - iii. promoting supervisory convergence; and
 - iv. directly supervising securitisation repositories and other financial entities.
5. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

Further information:

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