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## **Investment recommendations on social media: the AMF backs ESMA's reminder**

**The European Securities and Markets Authority (ESMA) emphasises that persons making investment recommendations must present them in an objective and transparent way and disclose their identity. The AMF urges investors to question the credibility of opinions shared online and to base their investment decisions on reliable information.**

In a statement published on 28 October, ESMA sets out the rules applying to persons who spread investment recommendations aimed at a broad audience, including on social media. Sharing an opinion on the present or future price of a stock listed in the European Union (EU), for example, constitutes an investment recommendation under EU law, according to the Market Abuse Regulation (MAR). This disclosure must respect specific rules, in particular requiring those making recommendations to disclose their identity, sources, and possible conflicts of interest.

Investors should be able to assess the credibility and objectivity of an investment recommendation.

In February this year, ESMA warned retail investors of "the risks connected with trading decisions based exclusively on exchanges of views, informal recommendations and sharing of trading intentions through social networks and unregulated online platforms."

The AMF monitors investor behaviour on the stock market closely. Since the entry into force of the EU Markets in Financial Instruments Directive MiFID II in January 2018, the regulator has been receiving detailed transaction data from French or French-based investment services providers. Every quarter, since January 2021, the AMF has published a dashboard of active retail investors. In two years, the AMF has observed the entry onto the equity markets of 800,000 new retail investors, with a younger profile.

As a rule, the AMF encourages investors to get information from reliable sources before making an investment decision. It advises first-time investors in particular to gradually build up a stock market culture and to be wary of unrealistic promises of quick, effortless and risk-free gains.

The AMF's Retail Investor Relations and Protection Directorate (DREP) is calling for vigilance in the face of an upsurge in investment recommendations or invites for trading sites made by social media influencers. It is urging investors to question the financial skills of people presenting themselves as experts, and the sincerity and unbiased nature of these recommendations, whose paid nature is always clearly indicated.

Lastly, the AMF reminds investors that its market surveillance platform, ICY, based on artificial intelligence algorithms, can integrate and cross-reference all kinds of data, including those from forums and social networks, in the event of market anomalies.

### **About the AMF**

*The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected and that investors are provided with adequate information. The AMF also supervises the orderly operations of markets. Visit our website <https://www.amf-france.org>. URL = [https://www.amf-france.org/]*

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