SOCIAL MEDIA AND INVESTOR RECOMMENDATIONS

In many cases, investment recommendations are published by regulated investment firms, but it is also common for others to make such recommendations on an ad hoc or a regular basis, and with access to web based forums and social media, it is relatively simple to reach a large audience. There is nothing that prevents someone from making a recommendation and the receiver decides whether to take it into account or not. However, if the recommendation is intended to mislead or if it includes false or misleading information about the instrument, it could be considered as market abuse.

The Trading Surveillance has previously referred matters to the respective Financial Supervisory Authority's where there has been reason to suspect that dissemination of investment recommendations could have constituted market abuse. During 2016, one of these referrals was brought to the District Court of Stockholm and resulted in a conviction in respect to market abuse. The accused were deemed to have improperly influenced the price of several shares by disseminating misleading recommendations through social media, taking a position prior to the dissemination and unwinding the position shortly after.

During 2016, one referral regarding false and misleading information on a Danish chat forum was referred to the Danish Financial Supervisory Authority. A similar case has previously resulted in a conviction for market abuse.

Investors are strongly encouraged to carefully assess the credibility of senders of investment recommendations that are not investment firms before following their advice.