



INVESTMENT RECOMMENDATIONS ON SOCIAL MEDIA

5 November 2021

ESMA has released a statement on “Investment Recommendations on Social Media”.

The Market Abuse Regulation defines “investment recommendations” as information recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several financial instruments or the issuers, including any opinion as to the present or future value or price of such instruments, intended for distribution channels or for the public.

Accordingly, this is a very broad definition. It should also be noted that not only traditional distribution channels such as analyst reports, articles or the traditional media are comprised. Also, social media constitutes distribution channels.

Further, while investment recommendations are usually prepared by banks, brokers and financial analysts, any individual who proposes an investment strategy could also be considered to produce an investment recommendation, if the proposal is intended for wider distribution. This includes posts on social media.

A person comprised by these rules is required to:

1. Disclose the person's identity
2. Disclose sources, distinguish facts, interpretations, and price targets
3. Disclose interests and conflicts of interests

If an individual posts the aforementioned frequently, with the intention to reach a large audience and indicate financial expertise, such person may be considered an "expert" under applicable rules. This includes requirements with respect to summarizing methodology, planned updates, and previous recommendations.

It should be noted that failure to comply with the requirements may result in the action being considered market manipulation, which is a punishable offence.

If you have any questions or require further information regarding any of the above, please do not hesitate to contact us:



Dan Moalem
Partner

Dan.moalem@moalemweitemeyer.com



Henning Hedegaard Thomsen
Partner

Henning.thomsen@moalemweitemeyer.com

The above does not constitute legal counselling and Moalem Weitemeyer does not warrant the accuracy of the information. With the above text, Moalem Weitemeyer has not assumed responsibility of any kind as a consequence of any reader's use of the above as a basis for decisions or considerations.

This news piece has been produced in the English language only. Are you a client or a prospective client, and should you require a Danish version, please email us at news@moalemweitemeyer.com with a link to the article that you would like to request to.