

ESMA highlights risks to retail investors of social media driven share trading

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has released a [statement](#) to highlight to retail investors 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 statement is issued as part of ESMA's investor protection objective to safeguard retail investors, whose participation is key to the development of the Capital Markets Union.

Several recent episodes have seen certain US stocks experience high price volatility based on information shared on social media. Although market rules and structures are different in the European Union, it cannot be ruled out that similar circumstances may develop here.

The statement highlights the following issues:

- Investors need to use reliable information for investment decisions;
- Increased risk of investor loss due to price volatility; and
- Risk of committing market abuse.

Next steps

ESMA and the National Competent Authorities will continue analysing market events and consider adopting further initiatives aimed at preserving investor protection and market integrity as appropriate.