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Office of the Corporate Secretary
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RE: Social Media-Influenced Investing

On behalf of the North American Securities Administrators Association, Inc. (“NASAA”),¹ I am writing in response to the December 11, 2025, Financial Industry Regulatory Authority, Inc. (“FINRA”) research report entitled *Social Media-Influenced Investing* (the “Report”),² which summarizes findings from FINRA’s research to assess the impact of social media on investing. NASAA greatly appreciates FINRA’s efforts to gather evidence and insights on the impacts social media can have on investing behaviors. While social media presents extraordinary opportunities for industry and regulators to reach investors, it also comes with risks that need to be recognized and considered to fully realize the potential of social media to empower investors while at the same time making sure their interests are protected.

I. Social Media Holds Great Promise for Investor Accessibility and Education.

Research performed by the FINRA Investor Education Foundation (“FINRA Foundation”) makes clear how social media may influence retail investors. Data from the FINRA Foundation’s National Financial Capability Study³ shows that 29 percent of retail investors reported using social media or message boards for investment decisions and 26 percent reported making investment decisions based on recommendations from social media personalities.⁴ Perhaps more significant, those percentages rise to 60 percent and 61 percent, respectively, for retail investors aged 18 to

¹ Organized in 1919, NASAA is the oldest international organization devoted to investor protection. NASAA’s membership consists of the securities administrators in the 50 states, the District of Columbia, Canada, México, Puerto Rico, the U.S. Virgin Islands, and Guam. NASAA is the voice of securities agencies responsible for grass-roots investor protection and efficient capital formation.

² The Report can be found at <http://finra.org/sites/default/files/2025-12/2025-social-media-influenced-investing.pdf>.

³ FINRA Foundation, *The National Financial Capability Study* (last visited May 8, 2026).

⁴ FINRA Foundation, *Finfluencer Followers and Social Media Scrollers: The Profile, Patterns and Pitfalls of Social-Media-Informed Retail Investors* at 2 (Apr. 2026) [hereinafter *Followers and Scrollers*].

34.⁵ The Report therefore reasonably posits that “[s]ocial media platforms may provide a faster and more efficient way to disseminate financial information that is in line with the preferences of younger generations.”⁶ NASAA agrees that social media has advantages over traditional marketing channels for certain investor groups – because it is ubiquitous, largely free⁷ and often delivered in short form content – and therefore may be an effective channel to disseminate quality educational and financial information.

While the Report is focused on industry uses of social media, the same potential benefits exist for regulators. For its part, NASAA and many of its members are becoming more social media forward by doing such things as posting accessible short form videos and podcasts,⁸ as well as tiles and posts disseminated on X, LinkedIn, and Facebook.⁹ FINRA and the Securities and Exchange Commission (“SEC”) are also making greater use of social media outlets.¹⁰

The Report points out generally that “[s]ome financial institutions use social media to help provide general investment information and to market their firm’s services.”¹¹ NASAA believes it is a good thing for broker-dealers to provide general investment information through social media, and we encourage firms to provide sound educational content, as well as helpful information such as where to find your regulators¹² and how to learn about your financial professionals.¹³

⁵ *Id.*; see also CFA Institute Research & Policy Center, [The Finfluencer Appeal: Investing in the Age of Social Media](#) at 10 (Jan. 25, 2024) [hereinafter *Finfluencer Appeal*] (citing FINRA Foundation and the CFA Institute research showing that “60% of Gen-Z investors keep up to date on investment topics using at least four different resources, the most common being social media”).

⁶ Report at 1.

⁷ Investors inclined to follow social media or finfluencer recommendations cite cost as a reason to choose social media over professional advice. [Finfluencer Appeal](#), *supra* note 5, at 35.

⁸ NASAA, [How State Securities Regulators Protect Main Street Investors](#) (Apr. 6, 2026); [Protecting Investors: Why the Howey Test Matters](#) (Jan. 14, 2026); [Real Life Regulators Episode 15: Ontario Securities Commission](#) (May 7, 2024) (discussing the failure of Canadian crypto asset exchange QuadrigaCX).

⁹ X (formerly Twitter), [@NASAA](#); LinkedIn, [NASAA: The Voice of State and Provincial Securities Regulation](#); Facebook, [NASAA](#).

¹⁰ [FINRA YouTube Channel](#); [SEC YouTube Channel](#).

¹¹ Report at 2 (citations omitted).

¹² NASAA, [Contact Your Regulator](#).

¹³ FINRA, [BrokerCheck](#); SEC, [Investment Adviser Public Disclosure](#).

II. Social Media-Influenced Investing Presents Unique and Novel Risks.

The promise of social media as a tool to empower sound investing is accompanied by unique challenges. The FINRA Foundation found that while social media users and influencer followers (1) consulted more sources of information than investors who neither used social media for investment purposes or followed influencers, and (2) were more likely than non-users and non-followers to conduct background checks on financial professionals, they were still significantly more likely to be the victims of investment fraud.¹⁴ The FINRA Foundation also reported that social media users and influencer followers were more likely to exhibit greater confidence in their financial knowledge than testing shows was warranted.¹⁵ In other words, the FINRA Foundation's work suggests social media users and influencer followers were both less prepared to invest and more likely to be defrauded. While correlation does not equate with causation, industry and regulators should consider whether social media and influencers underprepare and mislead retail investors.

A. *Uninformed Finfluencers Can Harm Followers.*

FINRA, NASAA and the SEC have all cautioned users about the risks of following influencers, citing such problems as inaccurate information, hidden agendas, appeals to emotion, and undisclosed conflicts of interest.¹⁶ As we all know, there are no requirements to post content on social media. NASAA has specifically cautioned investors to “keep in mind that influencers are not subject to the same regulations as licensed financial professionals....”¹⁷ To put it more broadly in the wording of financial advice regulation, there are no business conduct standards, no licensing and registration requirements, no mandatory testing, no continuing education requirements, and no supervision of influencers.¹⁸

¹⁴ [Followers and Scrollers](#), *supra* note 4, at 10-12.

¹⁵ *Id.* at 7.

¹⁶ FINRA, [Investor Bulletin: Social Sentiment Investing Tools – Think Twice Before Trading Based on Social Media](#) (Apr. 23, 2019); NASAA, [Informed Investor Advisory: Finfluencers](#) (Aug. 2022); NASAA, [Top Investor Threats](#) (2025) (labeling social media and internet schemes among the most popular current potential threats to unwary investors); SEC, [Finfluencers, Celebrities, Social Media: Should You Listen to Them?](#) (last visited May 9, 2026).

¹⁷ NASAA, [NASAA Cautions Investors on the Rise of the “Finfluencer”](#) (Aug. 9, 2022) (statement of NASAA President Melanie Senter Lubin).

¹⁸ Notably, there have been bipartisan efforts this Congress to study and create additional investor safeguards against threats posed by influencers. *See, e.g.,* [H.R. ____, the Honesty in Your Promotions and Endorsements \(“HYPE”\) Act of 2026](#).

The lack of financial education among many influencers is a threat to investors. Academic studies have found that influencers tend to produce negative financial outcomes for their followers.¹⁹ Further, there is an inverse relationship between popularity and soundness of advice; i.e., the most popular influencers are statistically less likely to give good advice.²⁰

B. Social Media Platforms Can Amplify Misleading Content and Promote Risky Behaviors.

Social media platform algorithms are designed to maximize user engagement, which can create biases toward content that is emotionally compelling, optimistic, and sensational, precisely the characteristics associated with the least financially savvy influencers.²¹ The SEC's 2021 Request for Information on Digital Engagement Practices recognized this dynamic, noting that predictive data analytics, differential marketing, and behavioral prompts are often designed to increase platform revenues and customer engagement, leading to potential conflicts between the platform and investors.²² Likewise, the SEC's first Investor Advocate expressed concern that these engagement-optimizing features may induce trading that is more frequent or higher-risk than an investor would choose absent such practices.²³ Therefore, when engaging with social media platforms and influencers, industry should exercise caution and seek balance to make sure the content they help create, curate, or endorse to generate investor interest and engagement does not encourage investors to trade impulsively or disregard safe investing practices.

¹⁹ Ali Kakhbod, Seyed Kezempour, Dmitry Livdan & Norma Schurhoff, [Finfluencers](#), Swiss Finance Institute Research Paper Series No. 23-30 at 2-4 (last revised Mar. 20, 2025) (finding from a study of tweet-level data from the StockTwits platform that the majority of influencers surveyed are “antiskilled,” meaning that their recommendations systematically destroy value and produce abnormally negative returns, and that a smaller but significant portion are merely “unskilled,” meaning that their advice provides no outperformance relative to risk-adjusted returns); David Krause, [The Impact of Financial Influencers on Crypto Markets: Systemic Risks and Regulatory Challenges](#) at 17 (Feb. 19, 2025) (concluding that case studies and a comprehensive literature review reveal consistent negative returns associated with cryptocurrency influencer recommendations and methodological flaws in such influencer analyses); Kenneth J. Merkley, Joseph Pacelli, Mark Piorkowski & Brian Williams, [Crypto-Influencers](#) at 4-5 (last revised May 22, 2024) (concluding that while crypto-influencers' tweets are initially associated with positive returns, these tweets are followed by significant negative longer-horizon returns, suggesting they generate minimal long-term investment value).

²⁰ Kakhbod et al., *supra* note 18, at 4, 26-32.

²¹ *Id.*

²² [Request for Information and Comments on Broker-Dealer and Investment Adviser Digital Engagement Practices, Related Tools and Methods, and Regulatory Considerations and Potential Approaches; Information and Comments on Investment Adviser Use of Technology to Develop and Provide Investment Advice](#), SEC Rel. No. 34-92766, at 8-10 (Aug. 27, 2021).

²³ Rick Fleming, [Investor Protection in the Age of Gamification: Game Over for Regulation Best Interest?](#) (Oct. 13, 2021).

One aspect of social media in particular may generate negative financial outcomes; namely, the dynamic of choosing persons or channels to follow. Social media-influenced financial advice can often involve such things as meme stock investing, copy trading or leaderboard following, where investors take their cues either from perceived successful persons and strategies, or follow promoters who mix recommendations with political and social commentary or entertainment. Put another way, social media can encourage investing by trend, hype and excitement. This differs from sound financial advice because it takes no account of the investing goals or circumstances of the viewer. Also, the Report notes that social media can affect public mood and sentiments, and that emotions play a significant role in human decision-making.²⁴ Because of these factors, industry and regulators should appreciate that both the power and danger of social media is that it is more effective at reaching investors on an emotional level. While that can be a good thing for messages of caution and good investing behavior, it has more often been a negative force to encourage emotion-based trading against an investor's financial interests.

C. Finfluencers May Have Undisclosed Conflicts of Interest.

Firms and regulators also have to keep in mind that unregistered persons, with no business conduct obligations to their viewers, may not have their best interests at heart and are instead either seeking to maximize viewership through sensationalism or, worse, are promoting products or strategies to serve themselves or the interests of persons who pay them.²⁵ Undisclosed conflicts – from undisclosed affiliations and compensation to outright fraudulent manipulation – have unfortunately been characteristic of the work of some finfluencers and social media platforms, and those abuses have led to enforcement actions.²⁶

²⁴ Report at 3.

²⁵ [Finfluencer Appeal](#), *supra* note 5, at 3 (finding that only 20% of finfluencer content containing recommendations included any form of disclosure, including whether the finfluencer received compensation for their advice); *see also* Krause, *supra* note 18 (finding evidence of undisclosed promotional agreements and pump-and-dump schemes in the crypto asset space).

²⁶ SEC, [SEC Charges Andrew Left and Citron Capital for \\$20 Million Fraud Scheme](#) (July 26, 2024) (complaint alleging activist short seller defrauded investors by publishing false and misleading statements on firm's website and related social media platforms regarding his stock trading recommendations in order to cause stock price movements which he then took advantage of by trading in the opposite direction); SEC, [SEC Charges Eight Social Media Influencers in \\$100 Million Stock Manipulation Scheme Promoted on Discord and Twitter](#) (Dec. 14, 2022) (complaint alleging, *inter alia*, that defendants used social media to amass a large following of novice investors and then took advantage of their followers by repeatedly feeding them a steady diet of misinformation, which resulted in fraudulent profits); SEC, [SEC Charges Kim Kardashian for Unlawfully Touting Crypto Security](#) (Oct. 3, 2022) (settlement order finding that Ms. Kardashian failed to disclose that she was being compensated to publish a post on her Instagram account about a certain crypto asset).

III. Broker-Dealers Should Focus on Content Quality When Using Social Media and Working with Finfluencers.

Working with finfluencers and social media platforms presents broker-dealers with new opportunities to market their products and services, but such collaborations implicate a substantial number of rules and standards that must be kept in mind, which can be challenging when working with unregulated and untrained businesses and persons.

A. Social Media Content and Influencer Posts May Constitute Recommendations.

Regulation Best Interest and similar state conduct standards come into play whenever a broker-dealer makes a recommendation.²⁷ Previous self-regulatory guidance accepts the possibility that mass electronic communications – such as touts for particular stocks or sectors – can rise to the level of a recommendation.²⁸ Much financial social media and influencer content involves the promotion of particular products and strategies, often delivered with optimistic messaging regarding the prospects for purchasing such products or following such strategies. Broker-dealers should exercise caution when working with finfluencers to ensure that enthusiastic messaging does not rise to calls to action. NASAA also notes that firm or associated person comments on social media and influencer content could constitute recommendations or, depending on the depth of engagement, go beyond advice that is “solely incidental” to their brokerage business.

Broker-dealers should always be mindful of the intended audience for social media communications especially when the audience may include vulnerable persons or senior investors. While FINRA has made great strides to protect vulnerable investors through Rule 2165 (Financial Exploitation of Specified Adults) and the trusted contact requirements of Rule 4512 (Customer Account Information), and while many states have adopted NASAA’s Model Act to Protect Vulnerable Adults from Financial Exploitation, these tools need to be complemented by policies and procedures that protect vulnerable investors by controlling firm-sponsored posts that could lead to inappropriate trading decisions. Further, both industry and regulators need to also be diligent against the epidemic of scams affecting investors, much of which finds its way to investors through social media.

²⁷ 17 C.F.R. § 240.151-1; [NASAA Model Rule Regarding Dishonest or Unethical Business Practices of Broker-Dealers and Agents](#), §§ 1.c. and 1.d. (Apr. 7, 2025)

²⁸ See [NASD Notice to Members 01-23](#) at 3 (Apr. 2001) (discussing how electronic communications can rise to “calls to action” and therefore constitute recommendations); see also [Letter from Melanie Senter Lubin, NASAA President, to SEC Secretary Vanessa A. Countryman](#), Re: *Request for Information and Comments on Broker-Dealer and Investment Adviser Digital Engagement Practices, Related Tools and Methods, and Regulatory Considerations and Potential Approaches; Information and Comments on Investment Adviser Use of Technology to Develop and Provide Investment Advice* at 3-4 (Oct. 1, 2021) (recommending that certain digital engagement practices be treated as recommendations).

B. Broker-Dealers Can Be Responsible for Certain Third-Party Communications.

FINRA Rule 2210 (Communications with the Public) requires member firms to pre-approve certain communications, and FINRA has issued guidance to the effect that firms can be responsible for certain posts made on social media. While that would certainly extend to working with influencers to generate content, the rule can also come into play when linking with or sharing social media content.²⁹ These rules can be challenging to administer in the fast-paced world of social media and in the context of working with unlicensed and untrained persons. FINRA has brought enforcement actions for failures to manage social media and influencer public communications properly,³⁰ and it has found significant noncompliance with communications rules when it comes to social media and influencer communications.³¹

C. Broker-Dealers Can Have Supervision and Recordkeeping Responsibilities for Certain Third-Party Communications.

FINRA has offered on point guidance in the wake of a targeted examination sweep relating to firm practices to acquire customers through social media channels.³² Because firms have both supervision and recordkeeping obligations with respect to communications from platforms and persons with which they associate themselves, FINRA's suggested practices include: maintaining relevant written supervisory procedures that, inter alia, consider additional controls for social media influencers with a relatively large social media presence; evaluating the backgrounds and prior public social media activities of potential influencer partners for compliance and reputational risks; providing training on permitted and prohibited conduct for influencers; and maintaining appropriate records of communications. NASAA echoes FINRA's guidance and stresses that operating in a regulatorily compliant manner on social media and through influencers requires thoughtful and careful engagement.

²⁹ FINRA, [Regulatory Notice 17-18](#) (Apr. 25, 2017) (stating that “third-party posts on a firm or associated person’s business website may constitute communications with the public by the firm or an associated person under Rule 2210 if the firm or an associated person has (1) paid for or been involved in the preparation of the content ... or (2) explicitly or implicitly endorsed or approved the content...” and “[b]y sharing or linking to specific content, the firm has adopted the content and would be responsible for ensuring that, when read in context with the statements in the originating post, the content complies with the same standards as communications created by, or on behalf of, the firm”).

³⁰ See, e.g., FINRA [Letter of Acceptance, Waiver and Consent \(“AWC”\) No. 2021072581101](#) (Feb. 12, 2024) (fining M1 Finance LLC \$850,000 for failing to review or approve influencer posts before publication); and [FINRA AWC 2021072501001](#) (Apr. 3, 2024) (fining Cobra Trading, Inc. \$200,000 for influencer posts with unfair and unbalanced communications that the firm neither reviewed nor maintained)

³¹ Investment News, [FINRA Penalizes Another Broker Dealer for Social Media Miscues](#) (May 28, 2025) (reporting that a FINRA official stated during FINRA’s 2024 Advertising Regulatory Conference that a survey of 1300 social media communications from 15 firms found that 70% of such communication were noncompliant).

³² FINRA, [FINRA Provides Update on Sweep: Social Media Influencers, Customer Acquisition and Related Information Protection](#) (Feb. 2023).

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IV. Conclusion

The roles of social media and influencers in the dissemination of financial information and advice is an area that deserves sustained attention. NASAA therefore thanks FINRA for its thoughtful approach to understanding these issues and learning from its members what opportunities they are finding and what challenges they are facing. Thank you for considering these views. Should you have any questions about this letter, please contact either the undersigned or NASAA's General Counsel, Vince Martinez, at (202) 737-0900.

Sincerely,

A handwritten signature in black ink that reads "Marni Rock Gibson". The signature is written in a cursive, flowing style.

Marni Rock Gibson
NASAA President and
Commissioner, Kentucky Department
of Financial Institutions