

Investor Relations and Social Media A concise Guide

In today's business world, social media has fundamentally transformed the field of corporate communications, including financial communication for listed companies. This evolution facilitates direct immediate communication with investors and other stakeholders. Platforms like Twitter, LinkedIn, and StockTwits provide real-time updates, Q&A sessions, and interactive discussions. These channels can enhance transparency, expand reach, and strengthen engagement. While social media offers opportunities for effective communication, regulatory risks must be considered, particularly since Investor Relations are the most heavily regulated area of communication.

According to the SIX Swiss Exchange ad hoc Disclosure Guidelines, it is of utmost importance to convey information that has the potential to influence a company's stock price simultaneously and equally to all relevant target groups. These requirements aim to ensure that investors, analysts, and the general public have equal access to essential information.

Flawed, incomplete, or uneven distribution of price-relevant information – for instance, through social media – can not only shake investor confidence but also lead to serious legal consequences. It is important to emphasize that using social media as an additional channel for ad-hoc information distribution is indeed sensible, relying solely on this approach falls short of meeting the demands of reporting obligations. Thus, this is not only a matter of good governance, but also holds legal implications.

Opportunities

- Direct interaction with investors and interest groups.
- Rapid dissemination of company news and updates.
- Broadening the target audience and increasing engagement.
- Effective storytelling.

Risks

- Regulatory requirements and legal risks.
- Potential spread of false or misleading information.
- Limited control over discussions and comments.
- Potential harm to company reputation due to mismanagement.

The Airesis SA Case:

The Sanctions Commission of SIX Group AG has imposed a fine of CHF 50,000 on Airesis SA for grossly negligent violation of ad hoc disclosure regulations. It was determined that the publication of price-sensitive facts on April 7, 2022, by a subsidiary of Airesis SA via LinkedIn, as well as the subsequent publication of the same price-sensitive facts by Airesis SA on April 12, 2022, was delayed. The amount of the fine considered the sensitivity of the sanction against Airesis SA. The legally binding decision was issued on May 11, 2023.

IRF:

Effective use of social media requires careful consideration of the regulatory requirements set forth by the SIX Swiss Exchange. Below are some dos and don'ts for IR professionals:



Do's

- Understand and utilize social media as a complement to traditional financial communication.
- Strictly adhere to stock exchange regulations for social media.
- Share accurate, current, and complete financial information.
- Respond objectively to inquiries, discussions, and comments.
- Monitor social networks and adjust communication accordingly.
- Engage directly with investors on social media judiciously – offline conversations remain a priority.
- Establish internal control processes for financial information.



Don'ts

- Share non-public or insider information.
- Publish financial forecasts or result guarantees.
- Disclose confidential or competitive information.
- Exploit sensitive topics in financial communication on social media.
- Express personal opinions or political views.
- Comment on short-term stock movements.
- Share unverified or misleading information.

Precautions and Training for Social Media Teams

Best practices in financial communication remain vital even in the era of social media. Core to Investor Relations is and will continue to be direct interactions with investors. Furthermore, established formats such as annual reports, press releases, and the website are employed to meet investor information needs. These tried-and-true structures and contents provide a solid foundation for accurate and comprehensive information that satisfies regulatory requirements and strengthens investor confidence. Additionally, these contents should be adapted appropriately for various social media channels to expand reach while upholding high standards of quality and consistency.

To successfully navigate these challenges, it is advisable to develop a comprehensive understanding of regulatory requirements, establish internal processes, and ensure close collaboration between social media teams and IR professionals. The IR team should monitor the dissemination and communication of price-relevant information through social media, ensuring that all necessary regulations and guidelines of the SIX Swiss Exchange are diligently upheld.



IRF offers IR training for social media teams to ensure that your financial communication is not only effective but also compliant.