Comment from an Individual Professional with Experience in Financial Technology and Data Systems

I am submitting this comment as an individual who has professional technical experience working in financial technology and data systems for a long period of time, including the design and operation of data-driven tools used in regulated financial environments. My perspective reflects a practitioner's view of how data quality, governance, and technology choices affect real market behavior and investor decision-making.

FINRA's paper provides a useful overview of how sentiment analysis tools and social media–influenced investing are being used across the securities industry. The benefits and risks identified in the report broadly align with observations I have seen in practice. As sentiment analysis is increasingly used by banks, hedge funds, asset managers, and other market participants, it raises important questions about how consistent and reliable these tools are when different firms independently build models using different assumptions, data sources, and quality standards—especially when the outputs are shared with investors or used in market-facing decisions.

In particular, sentiment analysis tools often draw from broad and heterogeneous sources across social media platforms. While this breadth can be valuable, it also raises questions about whether all content sources should be treated equivalently. Establishing shared expectations around factors such as source credibility, content authenticity, automation or AI-generated material, and potential promotional intent could help firms better assess the quality of the data they ingest and the outputs they generate.

Additionally, greater alignment between firms and content platforms may be worth exploring. Social media platforms already apply varying forms of content moderation, plagiarism detection, and misinformation controls. Leveraging such mechanisms without restricting lawful speech could help ensure that sentiment analysis models place greater weight on content generated by knowledgeable and reliable sources, rather than indiscriminately aggregating all available material.

Peer-Driven and Relationship-Based Transmission of Investment Sentiment

In addition to online platforms, investment sentiment also spreads through peer-driven and relationship-based interactions. Investors often discuss investment decisions with family members, friends, or close social groups, sharing where they are investing and what outcomes they believe they are seeing. While these discussions can be helpful, they can also act as an indirect extension of social media-driven sentiment.

In many cases, the person sharing the information may themselves be relying on social media, forums, or influencers without fully validating the analysis. When such information is passed through trusted personal relationships—especially involving elders or influential family members—it may carry strong persuasive weight, even if the original information lacks full context or accuracy.

Because of this, investors may feel they are "well informed" even when their decisions are based on second-hand or incomplete information rather than independent analysis of

fundamentals, risks, or personal suitability. Recognizing both the technical data governance challenges in sentiment analysis tools and the way sentiment is reinforced through personal networks is important when assessing real-world investor behavior. Considering common governance principles alongside these informal transmission paths could help support responsible innovation while reducing the risk that low-quality or misleading sentiment disproportionately influences investment decisions.

Recognizing this informal transmission channel is important when assessing how sentiment propagates beyond digital platforms and influences real-world investor behavior. It highlights that sentiment amplification may occur not only through online visibility and algorithmic reach, but also through trust-based social networks that are difficult to observe or quantify, yet highly influential in practice.

Disclaimer: The views and perspectives expressed in this public comment on *Social Media Influenced Investing paper by FINRA* are my own and do not represent the views of any current or former employer, organization or institution I am affiliated with.