**Introduction**

I. As the world becomes more intertwined, Social Media has increasingly becomes a primary news source for investors. Is this medium taken as seriously as other information sources, or is it even used at all?

II. The SEC expressly allowed Twitter and other SM’s to disclose material information on April 2nd, 2013. How did this change the landscape?

**Objectives**

I. Do firms as a whole release material information in their twitter disclosures more after April 2nd, 2013 than before?

II. Does retail trader sensitivity to firm tweeting of earnings events increase from before to after?

**Methodology**

**Research Strategy**

- TAQ Data of Russell 3000 index, parsed for retail investors
- Used Python to create a Twitter bot to gather tweets from firms
- Variable creation, merging of Twitter and Stock data

**Sample**

- 7,500,000 million points of stock data from 2012-2014
- 1,400,000 million tweets from top 250 Russell 1000 Index firms
- Synthesized to ~120,000 per firm, per day variables

**Analysis**

- Summary Statistics and Fixed Effect Regressions
- Main and ancillary analysis done through Stata, JMP & Tableau

**Literature & Motivation**

- Our question initially comes from an SEC greenlight for social media as a platform for official firm disclosure, released April 2nd, 2013. Before this, SM firm disclosure was in the wild west. SEC announcement is in response to Netflix CEO Reed Hastings’s comments on viewing hours.

- Previous Literature argues that firm twitter disclosures lead to more efficient markets (lower bid-ask spread, greater depth). Disclosure should be a great thing for firms—Twitter is one of the largest audiences in history (335 Million users in 2018) to disseminate information.

- As executives and CEOs can reach celebrity status on social media like never before, are there implications for firms or the government to create a ruleset for types of disclosures and what accounts they can come from (E.G. Elon Musk tweets about production quotas, short selling, etc.).

**Conclusions**

I. Earnings disclosures via social media plays a meaningful role in retail investors information sets once firms were given the social media greenlight by the SEC.

II. Retail Trading on days with earnings-related tweets increases during the post period.

III. There is greater retail trading activity on days that firms also tweet.

**Future Implications**

- As social media has become even more prevalent since 2014, retail investors likely more than ever get their information from SM. Perhaps there is need for governmental or firm oversight?

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**References**

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- Blankespoor, E., Miller, G., and White, H. 2013. The Role of Dissemination in Market Liquidity: Evidence From Firms’ Use of Twitter
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*For additional literature, see full research thesis*