

Economic & Financial Committee (ECOFIN) — PRAMUN 2026

Topic #1: Regulating the influence of social media platforms on financial markets

I. Background Information

Over the past decade, social media has shifted from being a channel for news and community discussion to an infrastructure that can **shape real-time market behaviour**. In financial markets, this influence is visible through (1) rapid dissemination of market-moving information (accurate or not), (2) social coordination of retail trading behaviour, and (3) the rise of “finfluencers” and paid promotional content that can blur the line between education, opinion, and marketing.

A key feature is **speed and scale**: content can reach millions within minutes, and algorithmic amplification can push emotionally engaging narratives (fear/greed, “get rich quick”, conspiracy framing) to the top. This matters because markets respond not only to fundamentals but also to expectations and liquidity. Viral narratives can therefore affect:

- **Price discovery** (prices reflecting information vs. social dynamics),
- **Volatility** (large swings driven by attention cycles),
- **Market integrity** (risk of manipulation, fraud, coordinated pump-and-dump schemes),
- **Investor protection** (inexperienced investors, misleading “advice”, hidden conflicts of interest).

The “meme stock” episode in early 2021 became a reference point for regulators because online communities and social media attention were closely linked with unusual trading dynamics in certain equities and options. Similar dynamics occur in crypto markets, where thin liquidity and global 24/7 trading can amplify the effect of social sentiment and influencer marketing.

The policy challenge is not “social media vs. markets” but rather **how to preserve market integrity and consumer protection** while respecting legitimate speech and cross-border digital realities. Many relevant behaviours (misrepresentation, undisclosed paid promotion, manipulation) are already regulated in principle, yet enforcement can be difficult when activity is distributed across platforms, jurisdictions, and anonymous accounts.

II. United Nations Involvement

Unlike areas such as sanctions or peacekeeping, **there is no single UN sanctions-style enforcement architecture** for social-media-driven market conduct. The main actors are

domestic securities regulators and international standard-setting bodies (notably IOSCO), rather than the UN system.

That said, ECOFIN (as a General Assembly-style forum) can still frame the issue in areas where the UN has a legitimate coordination role:

- **Consumer protection in the digital economy** and cross-border policy dialogue (e.g., development-focused or trade-and-digitalization discussions).
- **Capacity-building** for regulators in emerging markets (market surveillance, digital forensics, cross-border cooperation).
- **Norm-setting** around transparency and responsible digital business conduct—especially where platform governance intersects with economic harm at scale.

IOSCO has explicitly examined risks from finfluencers and “digital engagement practices” that can steer retail investor behaviour, highlighting the need for clearer expectations, disclosure, and cross-border cooperation.

III. Bloc Positions and Possible Solutions

1) Major financial centres (U.S., EU, UK, Japan, etc.)

Likely to prioritize market integrity and investor protection while trying to avoid overly broad speech restrictions. Many prefer:

- Stronger enforcement of existing rules (market manipulation, fraud, disclosure),
 - Clarifying when influencer content becomes a regulated financial promotion,
 - Requiring paid promotions to be clearly labelled and conflicts disclosed.
- Regulators in Europe and the UK have been actively warning about finfluencer risks and tightening expectations around online financial promotions.

2) Emerging markets and smaller regulators

May be more exposed to sudden attention-driven flows and have fewer resources for digital enforcement. They may advocate for:

- International support (training, tools, information-sharing),
- Platform cooperation obligations (rapid takedown of fraud, data preservation),
- Stronger restrictions on unlicensed “advice” and paid promotions.

3) States with stronger content-control approaches

May argue that market stability justifies heavier platform moderation, licensing regimes for financial content, or restrictions on certain trading coordination channels. Other states will push back, warning that vague rules can become tools for censorship.

4) Platform and industry stakeholders (implicit bloc)

Platforms often argue they are not financial intermediaries. Still, they may accept:

- Better ad transparency and creator verification for financial promotions,

- Clearer reporting channels for regulators,
- Coordinated standards to avoid fragmented national requirements.

Policy menu ECOFIN can realistically debate (solution space):

- **Disclosure & transparency rules for finfluencers:** mandatory disclosure of sponsorships, holdings, compensation structures, referral links; standardized “paid promotion” labels; penalties for hidden conflicts.
- **Clarifying market manipulation in the digital era:** guidance on when online coordination becomes illegal manipulation vs. legitimate discussion; focus on intent, deception, and undisclosed incentives.
- **Platform cooperation frameworks:** rapid response channels with regulators; preservation of relevant data under due process; verified accounts for paid financial promotions; friction for mass-spam promotion.
- **Investor education and risk warnings:** scalable education (especially for first-time investors), warnings on leveraged products/options/CFDs/crypto, media literacy against “too good to be true” claims.
- **Cross-border enforcement cooperation:** information-sharing among regulators, shared typologies of fraud campaigns, and aligned minimum standards via international coordination.
- **Market-structure resilience (secondary):** ensuring trading venues and brokers can handle attention surges without destabilizing restrictions; transparent communication during extraordinary volatility events.

IV. Questions to Consider

1. Where is the line between **free expression about markets** and **actionable market manipulation**? What criteria (intent, deception, undisclosed incentives, coordination mechanisms) should matter?
2. Should finfluencers be regulated as advertisers, as advisors, or under a hybrid model? What should be the **minimum disclosure standard**?
3. What specific obligations (if any) should platforms have: ad transparency, content labelling, takedown duties, data retention for investigations—while preserving privacy and due process?
4. How can smaller or emerging-market regulators avoid becoming enforcement “weak spots” in a borderless digital ecosystem?
5. How can policy reduce harm without banning legitimate communities that discuss markets in good faith?

V. Sources and Useful Links (copy-paste URLs)

IOSCO – Finfluencers / Digital Engagement Practices (policy discussion & risks):
<https://www.iosco.org/news/pdf/IOSCONEWS715.pdf>

U.S. SEC – Staff report on market structure conditions during early 2021 (“meme stocks” context):

<https://www.sec.gov/files/staff-report-equity-options-market-structure-conditions-early-2021.pdf>

UK FCA – Guidance / expectations on financial promotions and finfluencers:
<https://www.fca.org.uk/news/press-releases/fca-warns-finfluencers-promoting-financial-products-online>

ESMA – Investor warnings and supervisory focus on finfluencers (EU):
<https://www.esma.europa.eu/press-news/esma-news/esma-warns-investors-about-social-media-financial-advice>

Topic #2: Balancing sanctions regimes with their humanitarian impact

I. Background Information

Sanctions are widely used tools of international policy intended to change behaviour, constrain capabilities (e.g., weapons procurement), deter aggression, or signal condemnation. They can be:

- **UN Security Council sanctions** (collective measures under Chapter VII),
- **Regional sanctions** (e.g., EU frameworks),
- **Unilateral/autonomous sanctions** (national measures, sometimes with extraterritorial effects).

Sanctions range from targeted measures (asset freezes, travel bans, sectoral restrictions) to broader trade/financial constraints. Over time, there has been a policy shift toward “smart sanctions” designed to reduce civilian harm. Yet humanitarian consequences persist through several mechanisms:

- **Direct restrictions** that reduce access to goods/services (including dual-use items relevant to health or infrastructure),
- **Financial de-risking / overcompliance**: banks, suppliers, and insurers may refuse lawful transactions due to perceived legal risk, compliance cost, or reputational concerns (“chilling effect”), even when humanitarian exemptions exist, which can delay or block aid.
- **Operational barriers** for NGOs and UN agencies: difficulties paying staff, procuring equipment, importing supplies, contracting logistics, or moving funds in sanctioned environments.

The core ethical and operational tension is: **sanctions aim to pressure decision-makers, but civilians often bear part of the cost**, and humanitarian actors can become collateral damage of compliance systems. In crises (conflict, famine, epidemics), even small transaction frictions can translate into real mortality and suffering.

This topic requires careful distinctions:

- UN-mandated vs. unilateral sanctions (legitimacy debates differ),
- Designed exemptions vs. practical ability to use them,
- Legal permission vs. commercial willingness to transact.

II. United Nations Involvement

The UN system is deeply involved because the Security Council itself creates sanctions regimes, and UN entities often operate in sanctioned environments.

A major recent development was **UN Security Council Resolution 2664 (2022)**, which established a standing humanitarian carve-out (particularly relevant to asset freezes) across UN sanctions regimes, intended to reduce barriers to humanitarian assistance. This was partly a response to concerns that sanctions and counterterrorism measures were unintentionally constraining humanitarian operations.

In practice, UN involvement includes:

- **Sanctions committees and Panels/Groups of Experts** that monitor implementation,
- **OCHA and humanitarian coordination** raising concerns about operational impacts and advocating workable exemptions,
- Broader UN human rights mechanisms examining the humanitarian consequences of coercive measures, including debates around unilateral sanctions and their effects on economic and social rights.

ECOFIN, while not the Security Council, can still produce politically meaningful outcomes: recommendations on best practices, calls for harmonized humanitarian licensing, capacity-building, and guidance to financial institutions to reduce overcompliance.

III. Bloc Positions and Possible Solutions

1) Sanctioning states (often U.S./EU and partners)

Typically argue sanctions are necessary to respond to aggression, proliferation, terrorism financing, or human rights abuses. They may emphasize:

- Targeted design and exemptions,
- General licenses for humanitarian goods,
- The need to prevent diversion of aid or sanctioned actors exploiting carve-outs.

2) Targeted states and their partners

Often argue sanctions constitute collective punishment, violate sovereignty, and disproportionately harm civilians. They may push for:

- Narrower scope, clearer time limits and off-ramps,
- Greater UN oversight,

- Stronger protections for essential services (health, food, energy infrastructure).

3) Humanitarian actors (UN agencies, ICRC/NGOs) and many Global South states

Focus on operational reality: legal exemptions are insufficient if banks and suppliers refuse to act. They may advocate:

- Clear, standardized humanitarian exemptions,
- “Safe harbour” mechanisms for good-faith humanitarian transactions,
- Better guidance to the private sector to reduce de-risking and delays.

Solution space ECOFIN can debate:

- **Strengthen humanitarian carve-outs and make them operational:** standardized language, broad coverage of necessary support services (banking, insurance, logistics), and rapid authorization procedures.
- **Reduce overcompliance:** guidance and comfort letters for banks/insurers, compliance toolkits, and clearer risk allocation (who bears liability when acting under exemptions).
- **Humanitarian impact assessments:** periodic, evidence-based reviews of civilian harm and aid obstruction; integrate findings into sanctions adjustment.
- **Better targeting and clearer off-ramps:** sanctions tied to measurable behavioural benchmarks; sunset clauses unless renewed; precision targeting of individuals/entities rather than broad sectors where possible.
- **Humanitarian financial channels:** dedicated payment rails or vetted mechanisms for humanitarian transactions (with monitoring to prevent diversion), especially where standard banking routes are blocked.
- **Coordination across regimes:** where multiple overlapping sanctions exist (UN + regional + unilateral), harmonize exemptions to avoid “multi-speed” confusion that drives chilling effects.

IV. Questions to Consider

1. What is the minimum set of transactions that should be protected to ensure humanitarian action (banking, insurance, logistics, fuel, communications), and how should this be codified?
2. How should the UN and member states address **overcompliance** by private actors when exemptions exist on paper?
3. Should sanctions regimes include standardized **monitoring of humanitarian impacts** and automatic adjustment mechanisms?
4. How can policymakers balance preventing diversion/abuse of carve-outs with ensuring fast delivery of aid in emergencies?
5. How should ECOFIN treat the distinction between UN sanctions and unilateral coercive measures in debates on legitimacy and humanitarian harm?

V. Sources and Useful Links (copy-paste URLs)

UN Security Council Resolution 2664 (2022) – official text (UN Digital Library):
<https://digitallibrary.un.org/record/3997259?ln=en>

UN/ReliefWeb – adoption coverage of UNSC Resolution 2664 (humanitarian exemption):
<https://reliefweb.int/report/world/adopting-resolution-2664-2022-security-council-approves-humanitarian-exemption-asset-freeze-measures-imposed-united-nations-sanctions-regimes>

International Peace Institute (IPI) – “Making Sanctions Smarter: Safeguarding Humanitarian Action”:
https://www.ipinst.org/wp-content/uploads/2019/12/1912_Making-Sanctions-Smarter.pdf

Harvard Program on IHL & Armed Conflict – “Understanding Humanitarian Exemptions: UN Security Council Sanctions and Principled Humanitarian Action”:
<https://www.gisf.ngo/wp-content/uploads/2020/02/2093-Harvard-Law-School-Program-on-International-Law-and-Armed-Conflict-2016-Understanding-Humanitarian-Exemptions-UN-Security-Council-Sanctions-and-Principled-Humanitarian-Action.pdf>

UN Special Rapporteur on unilateral coercive measures – report entry (ReliefWeb mirror):
<https://reliefweb.int/report/world/impact-unilateral-coercive-measures-economic-labour-and-social-rights-report-special-rapporteur-negative-impact-unilateral-coercive-measures-enjoyment-human-rights-alena-f-douhan-ahrc6036-enarruzh>

ICRC – discussion of sanctions/counterterrorism measures and principled humanitarian action (background reading):

<https://international-review.icrc.org/sites/default/files/reviews-pdf/2022-02/international-humanitarian-law-principled-humanitarian-action-916.pdf>
