



Committee	Parliamentary Joint Committee on Corporations and Financial Services
Inquiry	Oversight of ASIC, the Takeovers Panel and the Corporations Legislation No.1 of the 46th Parliament
Question No.	021
Date	26 November 2021
Topic	Pump and Dump – Social Media Platform
Reference	Spoken, 26 November 2021, Hansard page 48
Committee member	Senator O'Neill

Question

Senator O'NEILL: Which platforms are the ones that are most consistently used for this kind of activity?

Ms Armour: We have had conversations with a number of platforms. They've been quite helpful. I'm not actually comfortable really—

Senator O'NEILL: Did you want to take it on notice and see if you can provide us with a response? If that needs to be in confidence, in the interests of getting the job done, then we can do that. But I'm keen to—

Ms Armour: That would be helpful.

Answer

To raise broader industry and community awareness of the risk of potential market misconduct from pump and dump activity, we issued a media release on Thursday 23 September 2021: [21-256MR ASIC warns of social media led 'pump and dump' campaigns](#). We also issued a warning in ASIC's September [Market Integrity Update](#) and in November we outlined our [expectations for gatekeepers](#) with tips for identifying the conduct.

In relation to the most recent pump and dump activity, the most prominent commentary appeared to be on Telegram with some comments linked to Twitter. We have also observed on other occasions concerning commentary on Facebook, Instagram, Discord and HotCopper.

ASIC engaged directly with pump and dump commentary on Telegram. In response to a growing number of pump and dump campaigns that appeared to trigger price moving trading activity in listed securities, ASIC posted several messages to warn the subscribers that ASIC is watching and that they may be engaging in illegal conduct. The objective was to communicate directly to the target audience of the moderators and subscribers of the channels and disrupt the activity. ASIC then contacted the Telegram platform itself to raise concerns about the possible market misconduct. In response, Telegram promptly removed content and suspended access to the relevant channels to all Australian based users.

A new chat group was quickly established, and the conduct resumed, albeit with fewer subscribers. ASIC took the opportunity to issue more warning communications and to again work with the Telegram platform to have the content removed and the relevant channels suspended. The activity does not appear to have re-emerged on non-private Telegram channels yet, but ASIC is monitoring the situation closely in collaboration with the Australian Securities Exchange. Examples of the pump and dump commentary and ASIC's response are on the following pages.



Social media pump & dump

Target stocks:
Small cap, low shares on issue, concentrated holdings, limited free float = **maximum price impact**

[Back](#)

ASX Pump and Dump Group

share link
<https://t.me/pumpanddumpasx>

about
We arrange penny pumps on ASX

1. Official pump every Mon and Thu
2. Preferably less than 15m Market Cap
3. Have some sort of liquidity in recent action

GUIDE on ASX Pump and Dump

9. THERE IS NOTHING ILLEGAL in participating in a Pump and Dump scenario. This kind of paranoia is widespread among traders. Big instos have been doing this daily since the dawn of man. Although it would be illegal to spread false information regarding a company to manipulate others to buy a certain stock in any trading scenario.

ASX Pump and Dump Channel
Categories of Pumped Stock
Prefer \$10m MC or less
Low SOI
Top20 holds big %
Bullish chart
Preferrably have Price sensitive announcement to avoid quick trading halt

Extracts of Group rules

Pump posts

Price impact e.g. over 6 weeks

Pinned Message
 GUIDE on ASX Pump and Dump 1. Standb...

ASX Pump and Dump Channel
PUMP ANNOUNCEMENT in 1 hour...
597 9:15 AM

PUMP ANNOUNCEMENT in 3 mins...
370 10:12 AM

PUMP ANNOUNCEMENT CODE in 1 min.
EVERYONE SET?
427 10:14 AM

The stock we are pumping is...
LKY
Locksley Resources Limited
\$5m MC / 28m low SOI / Top holders hold 70% shares
Pump target: Break 100% ++ or 0.450
BUY NOW and SEND IT TO THE MOON
BUY AT MARKET OFFER to avoid getting left behind
1 10:15 AM

ASX Pump and Dump Channel
Always use MARKET ORDER to buy. Never use Limit order / Queue bid. Don't try to catch a flying bird
758 11:03 PM

Stock	Date	Market Cap	Daily High	Closing Price
KNM	10/08/2021	\$15m	43%	28%
KNM	11/08/2021	\$15m	33%	11%
KNI	26/08/2021	\$104m	370%	183%
MQR	1/09/2021	\$11m	17%	-3%
TTA	2/09/2021	\$6m	130%	69%
ALB	6/09/2021	\$6.5m	53%	2%
AAJ	6/09/2021	\$10.5m	53%	41%
A8G	9/09/2021	\$8m	84%	11%
OZZ	13/09/2021	\$5.3m	57%	-4.70%
TEM	13/09/2021	\$7m	22%	-11%
LKY	16/09/2021	\$4m	47.50%	-10%
CPO	20/09/2021	\$10m	47.10%	9.80%
JTL	21/09/2021	\$5m	37.50%	8.33%
WGR	22/09/2021	\$12m	19.40%	5.56%
AEE	23/09/2021	\$17m	737%	500%

ASIC intervention

E.g. ASIC posts

Pinned Message
Time to destroy \$MNS 10 mins to market op...

ASX Pump Announcement Channel
Time to destroy \$MNS 10 mins to mark...
We can see all trades and have access to trader identities. We can identify underlying clients and networks of connected parties, and can also analyse trading patterns. 10:00 AM

ASX Pump Announcement Channel
Time to destroy \$MNS 10 mins to mark...
We're monitoring this platform and we may be investigating you. Remember - you run the risk of a criminal record, including fines and prison time by being involved in pump and dump campaigns. 10:00 AM

ASX Pump Organization
Pump and Dump ??

Where is the dump
There is only pump edited 10:00 AM

you. You run the risk of a criminal record, including fines of more than \$1M and prison time by being involved. 1 9:32 AM ✓

ASIC
ASIC
Coordinated pumping of shares for pro...
Best you go and get the corporation's that do it then instead of hassling the small investors here trying to make a few dollars. 9:35 AM

Nothing illegal about making stock recommendations otherwise everyone that trades would be in prison 9:37 AM

This has clearly been sent by someone from another telegram group trying to spook people here. ASIC don't send messages like this 9:41 AM

Initial response

Other intervention 

- **ASX:** short trading pause, trading halt, price query, company announcement
- **Brokers:** warnings, shut clients' accounts
- **ASIC:** warnings on social media, engaged platforms, shut social media channels, comms to brokers, consumer education, considering possible breaches of law