

2019

THE FINANCIAL ADVISOR'S GUIDE TO

Social Media Strategy and Policy



The U.S. Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA) recognize social media's growing role in firms' marketing and communication strategies and have provided guidance on extending compliance programs to this dynamic channel.

This guide contains practical steps that will help you develop social media strategy and policy that meets social media recordkeeping and supervision regulatory requirements, while gaining maximum business value from your efforts.

With smart compliance practices and supporting technology, you can be prepared to present your social media records and evidence of your supervisory procedures in the event of a regulatory request or exam. This guide also provides insight on practices that can help you to become proactive and diligent and be ready to respond to discovery events including audits, examinations, and litigation.

Table of Contents

Key Social Media Regulations for RIAs/BDs

FINRA Social Media Guidance	4
SEC Social Media Guidance	8

Strategy and Policy

Determine Your Social Media Strategy	11
Develop Your Social Media Policy	15

Choose a Social Media Archiving Solution

Can Technology Help You With Social Media Compliance?	18
Compliant Capture	19



Social media is now the home of modern business communication

In just a few short years, social media has grown from a nascent technological marvel to the way business is conducted. Increasingly youthful, tech-savvy clients and employees demand the ability to utilize social media to its full potential because it offers unrivalled communications utility and efficiency. Meanwhile, Facebook, LinkedIn, Instagram, and the other networks have been working hard to add new features especially attractive to business users. More than ever before, social media is mandatory — but it's not without its own unique risks.

What do you need to know to be compliant?

As you grow a cohesive and robust social media presence, you must understand the regulations, and incorporate compliance into your strategy. Compliance is not optional; it's an industry requirement that also provides protection from risk during audits, litigation, and internal corporate investigations. Helpfully, FINRA and the SEC have recognized the growth of social media and have recently issued new regulations explicitly instructing firms on their current compliance responsibilities.

Continue reading to learn more about:

- ◆ Key social media rules and regulations for broker dealers and registered investment advisors that are enforced by FINRA and the SEC
- ◆ Effective strategies for developing a successful social media presence that meets compliance obligations.
- ◆ Considerations when creating social media personas and communications.
- ◆ The value of each social media platform, including those that incorporate messaging, video, and business/professional networks.

Key regulations governing electronic communications

FINRA SOCIAL MEDIA GUIDANCE

FINRA Regulatory Notice 17-18:

Social media and digital communications

Many financial services firms struggle to understand and fully embrace social media and mobile communication rules. In light of emerging technologies and communications, FINRA has published Regulatory Notice 17-18: Social Media and Digital Communications, providing more detailed guidance on the rules governing social media and digital communications for member firms.

This guidance clarifies the rules governing communications with the public via social media and the use of personal devices for business communications. The Regulatory Notice also reminds firms of the recordkeeping, supervision, and content requirements for such communications.

Key points to know about Regulatory Notice 17-18:

- ◆ **Recordkeeping responsibilities:** Firms are reminded of their obligation to keep records of business communications under SEA Rule 17a-4(b)(4). Also, firms must train and educate their advisors regarding the distinction between business and personal communications, and the requirements to retain, supervise, and produce business communications — including social media.
- ◆ **Personal communication:** Advisors can share firm information that is not related to their firm's product or services without becoming subject to FINRA Rule 2210. For example, an advisor may share their firm's social media post about a charity event that the company sponsors. However, if the communication does pertain to the firm's products and services, then the content is subject to scrutiny under FINRA Rule 2210.
- ◆ **Third-party content:** Regulatory Notice 10-06 (see following pages) states that social posts by customers or other third parties on a firm's social media accounts are not considered communications with the public by the firm or advisor under FINRA Rule 2210. Regulatory Notice 17-18 reiterates this point. However, there are some exceptions, including situations where a firm pays for, prepares, controls, or explicitly endorses content posted by third parties. In these scenarios, a firm must comply with FINRA Rule 2210.
- ◆ **Hyperlinks to third-party websites:** FINRA reminds us that Regulatory Notice 11-39 states firms cannot link to any third-party website that contains false or misleading content. The Notice further clarifies that a firm "adopts" third-party content when it shares or links to it, and as a result must ensure the content complies with communications rules.
- ◆ **Endorsements and testimonials:** Unsolicited third-party comments or opinions posted on a firm's social media accounts aren't firm communications, or testimonials under FINRA Rule 2210. However, if the firm or advisor likes or shares a comment/testimonial, that is considered adoption of content, and is subject to the communications rules.
Note: Registered Investment Advisors should still comply with SEC Rule 206(4), which prohibits promotion of client testimonials and endorsements.
- ◆ **Native advertising:** Firms may use native advertising if it complies with the provision of FINRA Rule 2210. Specifically, native advertising must disclose the firm's name, any extant relationships between the firm and any other entity or individual who is also named, and mention the products or services offered by the firm.



FINRA Regulatory Notice 10-06:

Guidance on blogs and social networking web sites

FINRA Regulatory Notice 10-06 includes details about social media communication recordkeeping, suitability, and supervision requirements, and provides definitions for elements unique to the medium.

The notice addresses five key guidance areas: recordkeeping responsibilities, suitability responsibilities, types of interactive electronic forums, supervision of social media sites, and third-party posts.

★ Key points to know about Regulatory Notice 10-06:

- ◆ **Recordkeeping responsibilities:** Every firm that wants to use social media must first ensure that it can retain records of those communications as required by Rules 17a-3 and 17a-4 under the Securities Exchange Act of 1934 and FINRA Rule 3110. The contents of the communication determines whether it is a business record. The firm must retain the communication if it relates to business. It is up to each firm to determine if any particular technology, system, or program it uses for communications retention and retrieval complies with relevant regulations.
- ◆ **Suitability responsibilities:** Communications that recommend specific investment products often present more challenges for a compliance program, which may trigger FINRA's suitability rule or other requirements under federal securities laws — and may create potential liability for the firm or its representatives. These communications often need to include additional disclosures to provide customers with sufficient practical information for evaluating the facts about a product.

Since social media platforms often have functions that make content widely available or limit access to fewer people, broker-dealers need to determine that a recommendation is suitable for every investor that receives it. Firms need to adopt policies and procedures to address communications that recommend specific investment products.

Whether a social media communication is considered a recommendation depends on the facts and circumstances of the communication. Firms need to consult FINRA's Notices to Members 01-23 (Online Suitability) for additional guidance concerning when an online or social media communication falls within the definition of a recommendation under FINRA Rule 2111.



- ◆ **Types of electronic forums:** FINRA defines the difference between social media sites and blogs that are considered static or dynamic, and therefore require different approval and supervision rules. For example, profile information on Facebook, Twitter, or LinkedIn is generally static — changing infrequently — and requires pre-approval from a broker-dealer. Other static social media content must be moderated or pre-approved by a principal. On the other hand, interactive content — real-time communication — does not require mandatory pre-approval. However, firms must supervise published interactive content in a manner reasonably designed to ensure they do not violate communications rules.

- ◆ **Supervision of social media sites:** FINRA says firms must adopt policies and procedures designed to ensure their representatives who use social media are appropriately supervised and trained. Firms also need to have a policy that prohibits employees from using a social media platform if it isn't supervised by the firm. Also, since most social media sites give people several ways to communicate (status updates, messaging, etc.), firms must address each type and provide guidance about what can and can't be communicated.

- ◆ **Third-party posts:** FINRA clarifies that customer or third-party content posted on a firm's social media site is generally not considered part of a firm's communication with the public under Rule 2210. However, under certain circumstances, third-party content can become attributable to the firm, especially if the firm is involved in the preparation of the content and explicitly or implicitly endorses or approves the content. FINRA doesn't mandate monitoring of third-party posts but does offer best practices for managing responses to third-party content.



FINRA Regulatory Notice 11-39:

Social media, websites, and the use of personal devices for business communications

Guidance on social networking websites and business communications

Since the publication of FINRA Regulatory Notice 10-06 in 2010, more questions have been raised regarding how those rules should be applied.

Regulatory Notice 11-39 responds to those questions and provides additional clarification of the rules. It is not meant to alter the previous guidance.

★ Key points to know about Regulatory Notice 11-39:

Recordkeeping

- ◆ The content of a message determines whether or not it is a business communication
- ◆ Business-related communications must be retained
- ◆ Social media communications fall under recordkeeping requirements, regardless of the device or technology used to transmit the communication
- ◆ Firms must develop policies and procedures that include training regarding the difference between business & non-business communications to enable compliance

Supervision

- ◆ Firms must establish and maintain a system to supervise activities of its representatives that is designed to achieve compliance with federal securities laws and FINRA rules
- ◆ A registered principal must review any social media a representative plans to use for business, before the social media site is used
- ◆ Proposed social media must be reviewed in the format it is intended to be used
- ◆ Static advertising must be approved by the broker-dealer prior to posting. Interactive does not usually need pre-approval
- ◆ Static and Interactive content must be supervised

Third-party content

- ◆ A firm may not establish a link to any third-party site it knows or believes has false or misleading content
- ◆ A firm should not include a link on their website if anything indicates the site may have false or misleading content
- ◆ A firm is responsible under NASD Rule 2210 for content linked to a third-party site if the firm endorses content or participates in the content development on the third-party site

Personal vs. business devices

- ◆ Firms may permit their representatives to use any personal communication device, whether it is owned by the person or the firm
- ◆ Firms must be able to retain, retrieve, and supervise business communications regardless of whether the device is personally owned or owned by the firm
- ◆ Firms should have the ability to separate business and personal communications, and can require the representative to use a separately identifiable app for business communications



SEC SOCIAL MEDIA GUIDANCE

Previous Guidance:

In Jan. 2012, the SEC's Office of Compliance Inspections and Examinations issued a National Examination Risk Alert, titled *Investment Adviser Use of Social Media*. The alert outlines factors that require consideration when a firm and its advisors use social media.

★ Key points from the 2012 SEC risk alert include:

- ◆ **The SEC's definition of social media:** As "an umbrella term that encompasses various activities that integrate technology, social interaction, and content creation. Social media may use many technologies, including but not limited to blogs, microblogs, wikis, photos and video sharing, podcasts, social networking, and virtual worlds."

Based on the SEC's definition, firms may want to re-assess the activities they've identified as social media, because it's easy to overlook certain forms of social media such as status updates, discussion boards, direct messaging, or chat rooms.

- ◆ **The 13 factors to be considered by advisors in their social media compliance programs:** Usage guidelines, content standards, monitoring, frequency of monitoring, approval of content, firm resources, criteria for approving participation, training, certification, functionality, personal/professional sites, information security, and guidelines for official company social media accounts.

- ◆ **Recordkeeping responsibilities for advisors who use social media in a business capacity:** Firms must retain records of social media communications if they are used for business purposes.

In March 2014, the SEC's Division of Investment Management then released guidance describing how investment advisors can feature public commentary about themselves on independent, third-party websites without violating the Investment Advisers Act's testimonial prohibition.

What they're saying now:

In early 2019, the U.S. Securities and Exchange Commission's Office of Compliance Inspections and Examinations (OCIE) released a risk alert. It notes that "text/SMS messaging, instant messaging, personal email, and personal or private messaging" are covered by the "Books and Records Rule" Rule 204-2, and reminds advisors of their obligations when using electronic messaging.

Rule 204-2 requires advisers and their personnel to make and maintain records relating to their investment advisory business, which includes keeping "originals of all written communications received and copies of all written communications sent" relating to (i) recommendations and advice, (ii) the receipt or disbursement of funds, (iii) purchasing or selling a security, or (iv) the performance of a managed account or securities recommendation," subject to certain limited exceptions.

Additionally, social media was referenced in the alert. Rule 204-2(a)(11) requires advisers to make and keep a copy of each notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication that the investment adviser circulates or distributes, directly or indirectly, to ten or more persons. The Commission has stated that, "regardless of whether information is delivered in paper or electronic form, broker-dealers and investment advisers must reasonably supervise firm personnel with a view to preventing violations."

Additionally, the alert references the "Compliance Rule" 206(4)-7, which "requires advisers to adopt and implement written policies and procedures reasonably designed to prevent violation" of the Advisers Act and its rules."

SEC Form ADV

In 2016, the SEC announced amendments to its Form ADV and the Advisors Act Books and Records rule to better understand the risk profile of advisors — and that of the overall financial services industry.

The new amendments included a requirement that Registered Investment Advisors (RIAs) disclose their firm's social media platforms (Section 1.I of Schedule D in Form ADV). Previously, advisors only needed to list their corporate websites on the form; however, advisors must now list *all their corporate social media accounts* under the new requirements. This includes:

- Corporate social media pages
- Publicly available, business-related profiles such as LinkedIn, Twitter, Facebook, Instagram, etc.

Why is this important?

The inclusion of social media signifies the SEC will heavily scrutinize an advisor's corporate social media accounts during an examination or audit — just as they do corporate websites. The SEC also sees the new requirement as beneficial beyond the regulatory realm:

“Our staff may use this information to help prepare for examinations [of] investment advisors and [also review] information that advisors disseminate across different social media platforms, as well as to identify and monitor new platforms. Current and prospective clients may use this information to learn more about advisers and make more informed decisions regarding the selection of advisors.”



Smarsh recommends the following best practices when adopting and governing social media:

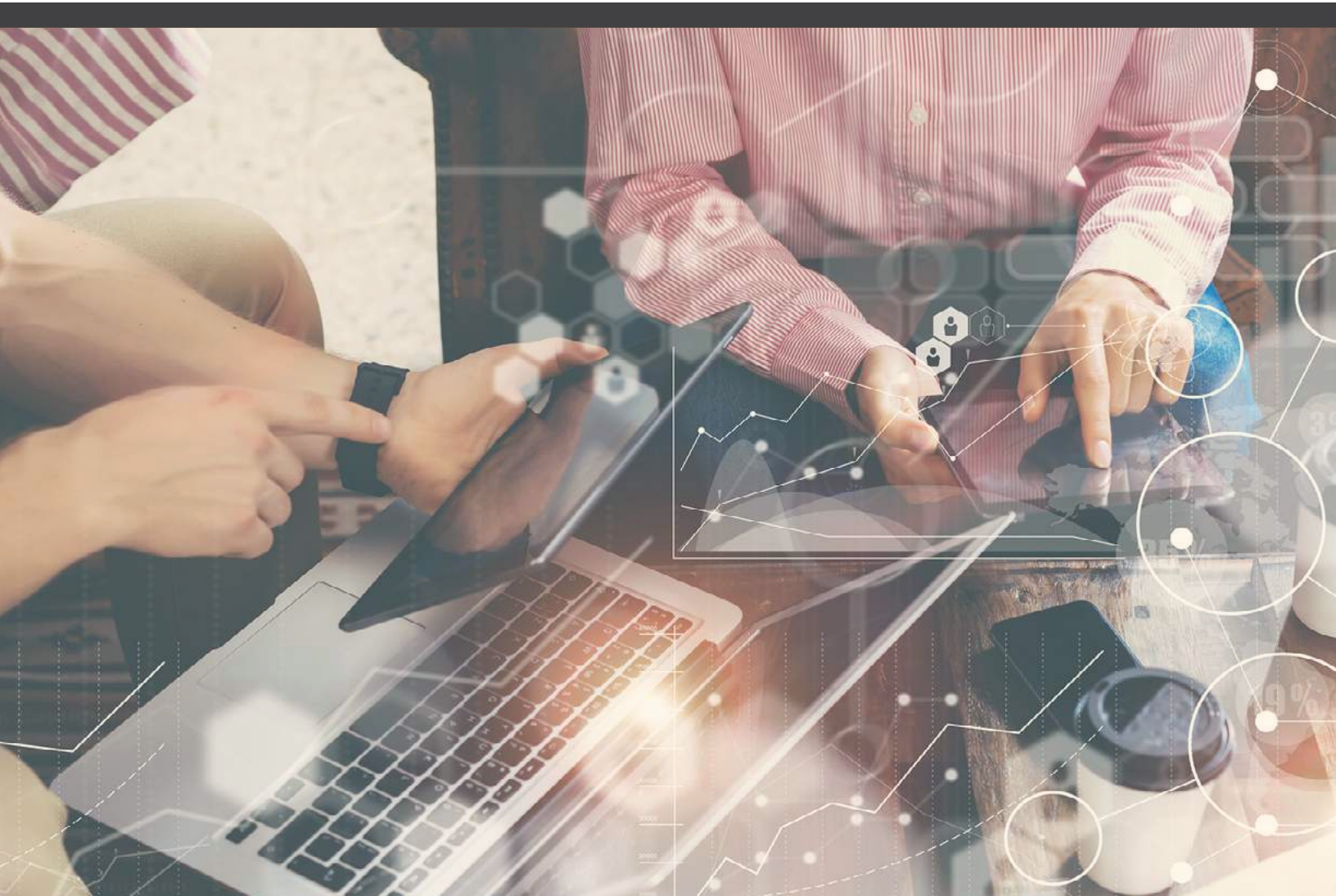
- 1 Create and implement a policy:** Implement the most up-to-date regulatory guidance into your firm's social media policies and practices. Have a detailed, reasonable social media policy in place, and review all applicable guidance notices to ensure your firm's policy reflects them. Your policy is a living document that should be signed by your firm's representatives. Your policy should answer these important questions:
 - Why are your representatives allowed to use social media?
 - Which social media platforms and accounts can be used for business purposes?
 - Who is authorized to use your firm's social media accounts?
 - Who is responsible for monitoring social media activities?
 - How is your social media policy enforced?

- 2 Training:** Your advisors need to know your firm's official social media policy, and receive training on how to use social media in accordance with your rules. Ongoing employee training is a must, because platforms and practices change rapidly, and regulatory guidelines evolve quickly. Key training topics include:
 - **Personal vs. business social media**
 - **Which social media messages need to be approved**
 - What are the consequences for violating the written policy?
 - **Which messages need to be reviewed after posting**
 - **How to manage third-party social media content**

3 Supervise and archive activity: An archiving solution will allow your firm to capture official records of posts, and search, supervise, and produce those records in their original format for production when necessary, such as during an audit, examination or e-discovery event. You'll want to archive and monitor content from your firm's approved accounts on all of your different social media platforms, and accommodate new platforms as needed.

Your compliance team also needs to demonstrate they've reviewed your firm's social media posts, documenting who has evaluated and approved each post. Make sure you can track the lifecycle of each social media message, including the exact date and time it was created (or deleted), and the precise actions taken by the firm if a message is escalated during review.

An automated audit trail can help substantiate and document your social media review actions taken and provide read-only-format evidence that supervisors enforce policies.



Strategy and policy

DETERMINE YOUR SOCIAL MEDIA STRATEGY

A social media strategy is the foundation for your social media activities, because it aligns your day-to-day social media networking tasks with objectives that support your overall business goals.

The strategy doesn't need to be complicated. Whether this is your first time developing a social media strategy, or you already have a plan in place, start simple.

The following questions will help you develop a solid strategy document that will empower you to confidently engage prospective and current clients on social media.

Who is your audience?

Once you've outlined your social media objectives, move on to defining your specific target audience. While you may want to court individual clients (business-to-consumer) or institutions and organizations (business-to-business), those are broad definitions that won't serve your business effectively. If possible, narrow your audience to clarify by gender, generation, socio-economic group, or by business type, size, or location. These details will guide you as you create content to share, reach out to influencers, identify relevant social networks, and increase your followers and connections.

71%

of consumers who have a good social media experience with a brand are likely to recommend it to others¹

Why do you want to use social media?

Social media is in demand by both your clients and your employees. Why? Because it provides communications efficiency not available via other means. Additionally, utilizing social media can aid your organization with:

- ◆ Competitive intelligence
- ◆ Lead generation
- ◆ Customer service
- ◆ Brand awareness and thought leadership
- ◆ Media relations
- ◆ Recruiting

What are the right social channels for your business?

Your objectives and target audience will help you determine which social media platforms are best suited to your business goals. While some networks are great for broadcasting your message to millions, they might not be the best for your objectives. Align your social networks with your business goals to deliver the desired results.

Some of the most popular platforms to consider in your social media strategy include:



LinkedIn

LinkedIn has a firm grip on the business professional social network market. In 2018, LinkedIn reported its members in the U.S. have an average annual household income of \$83,000+ per year. More than half of online adults with college degrees are on LinkedIn.²

Business value:

LinkedIn can help you brand and advertise your business, expand your professional network, connect with current clients, increase referrals and introductions to potential clients, communicate with new client leads, and prospect for new business relationships.



Facebook

79% of online users in the U.S are active on Facebook. Among U.S. Internet users, 88% with incomes above \$75,000 are on Facebook. Of those who only use one social media platform, 88% indicate Facebook is the only one they use.³

Business value:

Facebook can help you build your brand identity, cultivate relationships with specific prospective clients once they are identified, and enhance client relationships.

\$83,000+
IS THE AVERAGE
ANNUAL
HOUSEHOLD
INCOME of
LINKEDIN
MEMBERS²



Twitter

City dwellers are significantly more likely than rural residents to be on Twitter. 24% of Internet users were active on Twitter in 2018, with women slightly more likely to use Twitter than men.⁴ Although 36% of Twitter users are 18-29 years of age, 30% of users have an average annual household income of \$75,000 or more.⁵

Business value:

Twitter can help you get the word out when you are hosting a webinar, speaking at an event, or attending an industry conference — and lets you share those moments immediately with the world. Advisors often share commentary on current news or encourage their audiences to engage in an event. One of the fastest-growing networks for business, Twitter is often used as a prospecting tool.



YouTube

300 hours of video are uploaded to YouTube every minute.⁶ YouTube is now used by nearly three quarters of US adults, and 94 percent of those aged 18 to 24.

Business value:

YouTube is a highly effective medium for financial advisors that can help you easily publish video content to reach a large audience.

ON MOBILE ALONE,
YOUTUBE REACHES
MORE 18-49 YEAR
OLDS THAN ANY
OTHER BROADCAST
OR CABLE TV
NETWORK⁷



Instagram

Though owned by Facebook, Instagram is a mobile app with distinct demographics. The photo and video-sharing social media network has 500 million users⁸, with an average of 80 million photos shared daily. Sixty-eight percent (68%) of Instagram users engage with brands regularly.⁹

Business value:

Instagram can help you build your brand and it's great to use if you're hosting an event or attending one. Advisors often take photos of themselves with colleagues or peers at an event and include the event hashtag associated with it to gain additional visibility and credibility as a thought leader.

Who will create and curate content?

Content creation is one of the most important marketing tactics to help your business get found online. It includes original content that you share online through website updates, blogging, photography, videos, online commentary, and of course, social media updates. Content curation, on the other hand, is the process of sorting through content that others have developed and presenting it to your clients in a meaningful and organized way around a specific theme.

The constant generation of novel, unique content is an unrealistic goal. Many social media experts suggest a ratio of 20% original content when posting on social media, alongside 80% comprised of content sharing and interaction. In either scenario, your business is responsible (from a compliance and regulatory standpoint) for original content and curated content that you link to.

How will you organize your efforts?

Here are some additional questions to consider when structuring your content plan:

Who will manage your social media effort?

Will you use internal or external resources to help you create and curate content? In either scenario, do these resources have the necessary expertise — and financial services marketplace knowledge — to illustrate or reinforce your voice and expertise? Also, keep in mind that content may need to be pre-approved by your compliance team before it can be posted publicly.

What knowledge will you share?

Social media gives you a prime opportunity to define yourself as an expert in your field. Sharing your know-how can put you in a good position to be the go-to person for financial advice and services. Highlight your specialty areas, if possible.

What compliance guidelines must be considered?

There are strict regulatory guidelines associated with social media participation for advisors. Before broadcasting anything on social media, ensure you're fully aware of — and operating in accordance with — the rules and regulations.

When will you post?

A quarterly or annual social media editorial calendar will help you get a bird's-eye view of monthly or weekly themes and provide context for content development.

Who will manage social compliance training?

Anyone who uses social media on behalf of your business must have comprehensive training so they understand what can and can't be said on social media, according to compliance, corporate or legal guidelines. Who will train the individuals who create content for your business? Make sure the trainer can equip content creators, curators, and content approvers with the special knowledge, skills and best practices they need to use social media effectively, while protecting your brand.

What's your call to action?

What do you want your audience to do as a result of engaging with your business on social media? In some cases, you may simply want to educate or interact with your clients. However, as you consider sharing your proprietary content, keep profit in mind. How will social media engagement affect the bottom line of your business? What can you measure to chart progress?



How will you interact?

In financial services, people buy from people. Have this in mind as you consider your social media plans. Will your business voice be playful or professional, or a combination of the two? Your choice of platform may help you make this decision. Facebook campaigns are often humorous, visual, and more casual in nature, while LinkedIn posts are centered on business or professional development topics. Pick an interaction style that best suits the personality and culture of your business and clients.

How will you adjust course?

Preparation for the unexpected is vital. Build flexibility into your social media strategy to help you shift focus if the economy takes a turn or if an extraordinary world event happens. Social media is social, so keep the human element of interaction at the forefront of your communications to build authenticity and credibility. For instance, you wouldn't want a stream of your automated business-centered posts to continue if local families or businesses are recovering from a natural disaster.

And finally...

After your strategy is defined, share it with others in your firm to help them gain confidence when engaging clients and prospects. You'll also want to review your social media strategy frequently to chart progress and make adjustments toward achieving your related business goals.

Remember to document your social media success! Social media is just one segment of your overall marketing outreach strategy, so it should fit snugly into your broader marketing plan. In the past, many advisors simply focused on their number of followers or connections to chart success. Today, your focus should be on the quality of leads and client relationships you generate through social media connections.

Start with the finish line in mind when you create your social media strategy. Give yourself all the advantages of social media to create great conversations that lead to loyal clients.

DEVELOP YOUR SOCIAL MEDIA POLICY

The follow-up to determining your social media strategy is to develop clear documentation that outlines the rules of social media interaction within your firm, and how your social media interactions will be archived, supervised, and enforced — so you're prepared to meet social media rules and regulations.

A sound social media policy will take its lead from your social media strategy.

Once you've mapped out your intentions around social media use (the strategy), developing a policy should be a fairly organic process.

Collaborate with other departments while building your social media policy, especially your compliance team. Human resources can also lend expertise on policy development — while marketing, public relations, and senior staff may also offer valuable and critical contributions.



Questions to ask when developing your policy

Who's doing the talking?

Your social media policy should identify who is authorized to represent your business in a social media capacity. Are certain individuals assigned to specific platforms or topics of conversation?

Is someone approving posts before they're shared publicly? A social media policy should clearly state every detail, from territories and parameters to password controls and security measures. Also, defining the particulars of your social media training program directly within the policy is a great way to ensure a consistent business voice and action across the social media realm.

Who's doing the listening?

The flip side of engagement is observation. Pay attention to the digital channels your firm uses. Appoint someone to monitor the outbound activity of your business and the external online chatter about your firm. Valuable feedback can help you adjust and redirect your social media path when needed.

Many people view social media as a one-way communication vehicle — a broadcast and marketing medium meant to sell products, share news, and post opinions and ideas. They miss out on the opportunities to research consumer trends, investigate competitors, and actively engage with clients and prospects through listening. So many thoughts, opinions, and dialogues are transmitted through social media channels. If you're not being a cyber-sleuth, you're leaving one of the most valuable pieces of social networking uncovered!



Where is the conversation happening?

A social media policy is the ideal place to get specific about the digital platforms your firm has elected to engage in and should even state which platforms are prohibited. How often will social activity occur and where will the activity happen? Pinpoint what will be said and to whom. A content plan and approval process, based on the goals you defined in your social media strategy plan, is a good place to start.

What are the rules of play?

Detail every requirement regarding compliance and archiving. Pull in human resources to clearly specify the consequences of non-compliance.

How does personal life relate to professional life?

If you're using social media in a personal capacity, your firm's social media policy should detail rules and regulations regarding conduct on professional profiles for LinkedIn and Twitter. Refer to your brand guidelines to write policies that address how your social media authors should refer to your firm, job titles, and functions or responsibilities. Provide direction on professional profile pictures and advise if there are review or approval requirements. Because of the depth and breadth of this undertaking, creating a separate brand guide dedicated to the issue of personal conduct on social media may be beneficial.

Note: Simple social media policy templates are available, but generic forms are not legal documents. If you consider using a template, consult your attorney for guidance about state and federal laws governing social media activity. Also confirm your social media activities are in alignment with your overall business and compliance policies.

Set up your listening channel

To develop a listening channel, here are some tools to get you started. Create a separate email address (ex: listen@financialfirmabc.com) to help you sort through all of the email updates you'll receive.

- ◆ Use **Google Alerts** to stay on top of news in your area, specific clients' activities, and prospect news. Track your firm name and the names of competitors.
- ◆ **LinkedIn Connections** is a service that helps you keep up with the people and companies that matter to you, whenever they're in the news.
- ◆ **Twilert**, a paid service, allows you to monitor what's happening on social media by offering real-time alerts anytime your brand, clients, or competitors are mentioned on Twitter.
- ◆ **Twitter** Social profile settings provide a simple way for you to be notified when someone tweets your name or firm name. Check the settings area under *mobile* and *email*. Facebook has a similar function.



How will an inflammatory situation be handled?

Despite all the best planning, sometimes things go awry. Human beings ultimately drive social media activity. Mistakes, often inadvertent, do happen. Sometimes the wrong sentiment is expressed, human emotion creeps into an exchange, or erroneous information is shared. Don't forget to include a plan for the worst-case scenario!

Who needs to read, review, and sign the social media policy?

Have a system in place to distribute your firm's social media policy, with specific actions outlined for people who need to sign and return the policy to your HR, legal, or compliance team.

What happens when an employee who uses social media leaves the firm?

Have procedures in place that outline steps to take when an employee who uses one of your firm's business social media accounts leaves or is terminated. Will the account be closed? Will the account remain open, but a new password and user name generated? Be as specific as possible.

Make social media business accounts available for archiving, review and supervision.

For advisers that permit use of social media, personal email, or personal websites for business purposes, contract with software vendors to (i) monitor the social media posts, emails, or websites, (ii) archive such business communications to ensure compliance with record retention rules, and (iii) ensure the capability to identify any changes to content and compare postings to a lexicon of key words and phrases.

A Final Note

When you've finished putting together your social media policy, you'll have documentation that allows your firm to confidently participate in online marketing outreach. Using precise language based on your social media strategy and procedure expectations will help you operate within the boundaries of compliance and regulation, too.

Also, remember to review your social media policy over time, to keep up with the needs of your business, changing technology, and new regulations.

Choosing a social media archiving solution

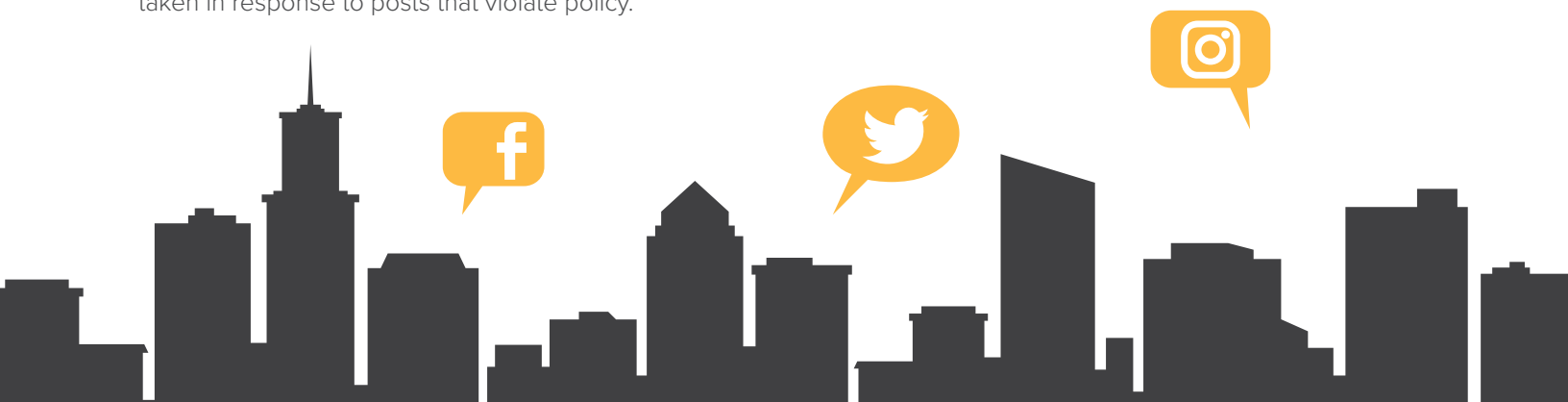
CAN TECHNOLOGY HELP YOU WITH SOCIAL MEDIA COMPLIANCE?

Social media is a great tool that can help any firm grow and stay in touch with clients. Now that you've created your social media strategy and developed policies to support social use at your firm, it's time to start thinking about how to enforce those policies.

Without the right technology to help enforce your firm's social media policies, it's almost impossible keep up with the numerous social media conversations that take place every day. Fortunately, there are some great technology solutions available now that can help you reach your business goals while maintaining compliance.

The right social media archiving solution will:

- ◆ **Ease the burden** of monitoring business content posted to social media accounts or websites.
- ◆ **Help you identify trends and improve your supervision** efforts through advanced reporting tools.
- ◆ **Automatically flag** potentially risky content so you don't have to waste time reviewing irrelevant communication.
- ◆ **Implement retention policies** so content is stored for as long as needed.
- ◆ Help you **quickly take action and remediate** policy violations.
- ◆ **Apply legal holds** to support legal investigations and other discovery events.
- ◆ **Enforce your firm's established social media compliance policies**, and provide an audit trail of all actions taken, including any corrective actions taken in response to posts that violate policy.
- ◆ Enable your marketing, human resources, IT and legal teams to **review your firm's social media content** as needed.



COMPLIANT CAPTURE AND ARCHIVING

Technology should make life easier for your compliance team and help your firm to follow all applicable regulatory rules.

Safe, secure and automated capture of social media records is the goal, but certain archiving features can mean the difference between a compliance team that's stressed by social media, and one that supports social media use because they have effective tools to manage and supervise its content.



★ An intelligent archive includes:

Smart ingestion

- ◆ **Real-time capture.** This eliminates the possibility of your social media data being deleted. If an advisor or other employee posts an update to Facebook but later removes it, you'll see the original post, plus the activity log that shows who deleted it.
- ◆ **Stored the right way.** SEC and FINRA require content to be stored in unaltered formats on tamper-proof media — specifically “Write Once, Read Many” or “WORM” format optical storage. Advisors and firms need an archiving solution that's purpose-built for strict regulatory requirements, by a vendor with expert knowledge of the financial services industry and its reporting obligations.
- ◆ **Dynamic archiving of social media content.** Treating social media archiving like email archiving won't work well. Social media posts include more than static words. Social media content is constantly updated, changed, or deleted, and can include pictures, links, and much more. All of these must be captured in an archive to have a complete record of communication. Be cautious of solutions that “flatten” social media and strip it of its original features and unique context, making it hard for a compliance team to know what they're looking at during content review.



FAST, EFFICIENT SEARCH

- ◆ **Fast.** Your firm should be able to run searches on their own (and get the results back within seconds) without the need to get help from IT or the archiving vendor.
- ◆ **Uncompromised data protection.** Make sure your archive provides data encryption in motion and at rest. There should be no readable access to client data. It must be immutable, and WORM compliant.
- ◆ **Granular.** Your searches will be most effective if you can narrow them down. Look for the ability to search by person, group, date range, keywords, and more. Also, consider a solution that will allow you to apply exclusions, add proximity search and a variety of other criteria to get to the exact information needed.

the best solution is one that archives all of your content types within the same platform

Automation

- ◆ **Policy management.** Smart policies that scan content from your firm's social media accounts for specific information as the data enters the archive can help a compliance team become ultra-efficient and more diligent with social media supervision. Policies can be set up to help you filter out "white noise" — the majority of social media content that doesn't need to be reviewed. With fewer irrelevant messages to review, greater attention can be paid to the truly risky messages in a reviewer's daily queue.
- ◆ **Preset templates.** Some archiving vendors have in-depth industry expertise and have developed preset policy templates. These templates can help you quickly implement policies, and address some of the most common supervision challenges so you can locate and identify legitimate risk.

★ Putting it All Together

Social media is an incredibly effective method to engage with your customers and thousands of other prospects online. Knowing the social media compliance ropes allows you to concentrate on developing your own unique content and style that focuses heavily on your target demographic, allowing you to communicate more effectively, and reach your business goals more rapidly.

Try not to think of social media as yet another tool, but instead as an opportunity. Your clients and employees want to utilize the communication benefits only available via social media — enabling them to do so will bolster your firm's ability to effectively present a cohesive, dynamic message to both existing and potential clients.



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