

Implementing Compliance Practices for Social Media



Program Notes

- If you have questions, click the “Ask a Question” tab, enter a question and click “Email question.”
- To print the PowerPoint or resource list, click on the “Course Handbook” tab and select the “PDF” link under each item you would like to print. The file will open in a new window.
- If you experience technical difficulties, call PLI Technical Support at (877) 675-6390.

FINRA Regulatory Notice 10-06, Social Media Web Sites

- **Guidance on Blogs and Social Networking Web Sites**
 - **Recordkeeping responsibilities (SEC and FINRA rules)**
 - **Suitability responsibilities (*Notice to Members 01-23*)**
 - **Types of interactive electronic forums**
 - **Supervision of social media sites (*Regulatory Notice 07-59*)**
 - **Third-party posts (“Adoption” and “Entanglement”)**

Firms' Perspectives: Is Social Media Right for Your Firm?

■ Types of social media

- Blogs and micro blogs (e.g., Twitter)**
- Social networks (e.g., Facebook, LinkedIn)**

■ Business model (e.g., wire house, online brokerage, independent dealer, insurance affiliate)

■ Growth opportunities / new business

Firms' Perspectives: Is Social Media Right for Your Firm?

- **Competitive pressure**
- **Customer expectations**
- **Internal expectations**
- **Cost/benefit analysis**

Firms' Perspectives: Developing Social Media Pilot Programs

- **Process behind conducting a pilot program**
 - **Based on business model**
 - **Necessary characteristics for a vendor**
 - **Vendor due diligence**
 - **Length of the pilot program**
- **Evaluation of pilot program**
- **Staffing implications**

Firms' Perspectives: Compliance Practices Concerning Social Media

■ Types of Risk

- **Regulatory**
- **Brand / Reputational: Registered representatives become brand ambassadors**
- **Establishing policies, procedures and practices**
- **Usage restrictions**
 - Who at the firm may use social media?
 - Individual, department, business line, etc.
 - What features are authorized / blocked?
 - Email through social networks, “like” feature on Facebook, recommendations on LinkedIn, etc.

Firms' Perspectives: Compliance Practices Concerning Social Media

■ Training:

- **What individuals can and cannot do**
- **Training may differ depending on the audience (registered representatives vs. corporate communications department)**

■ Recruiting practices vis-à-vis advertising rules

- **What is and is not permitted**
- **Brokerage business recruiting vs. non-business recruiting**

■ Static vs. interactive content on “walls”

Third-Party Postings

- **Monitoring and associated responses**
- **“Entanglement” versus “Adoption”**
 - **Firms’ responsibilities**
- **Identifying customer complaints**
- **Establishing usage guidelines**
- **Disclaimers**

Thank You

- **For more information, please use the resources located on the “Course Handbook” tab.**
- **Please complete the survey.**
- **This program will be available on-demand in a few weeks.**

**Please join us for our next program:
Regulatory Concerns Surrounding Sales of
New Products on April 21st**