

FINANCIAL SERVICES:

10 TIPS

TO MANAGING SOCIAL
MEDIA COMPLIANCE

INTRODUCTION

Brand trust and customer engagement have always been the lifeblood of financial institutions (FIs). Today, they're more critical than ever as FIs expand customer engagement to new digital channels like social media.

The mission of financial services firms hasn't changed. But their risks have. FIs must now comply with evolving compliance regulations and guidelines related to social media.

The average FI has more than 300 social media accounts. At the same time, most have an expanding team of advisors who want to engage in social selling. With so many corporate accounts and associated employee social accounts, corporate governance and compliance can get complex. FIs need to ensure all these activities comply with communications and retention rules from FINRA, SEC, FCA, IIROC, and others.

This e-book highlights key regulations and offers 10 tips for staying compliant.

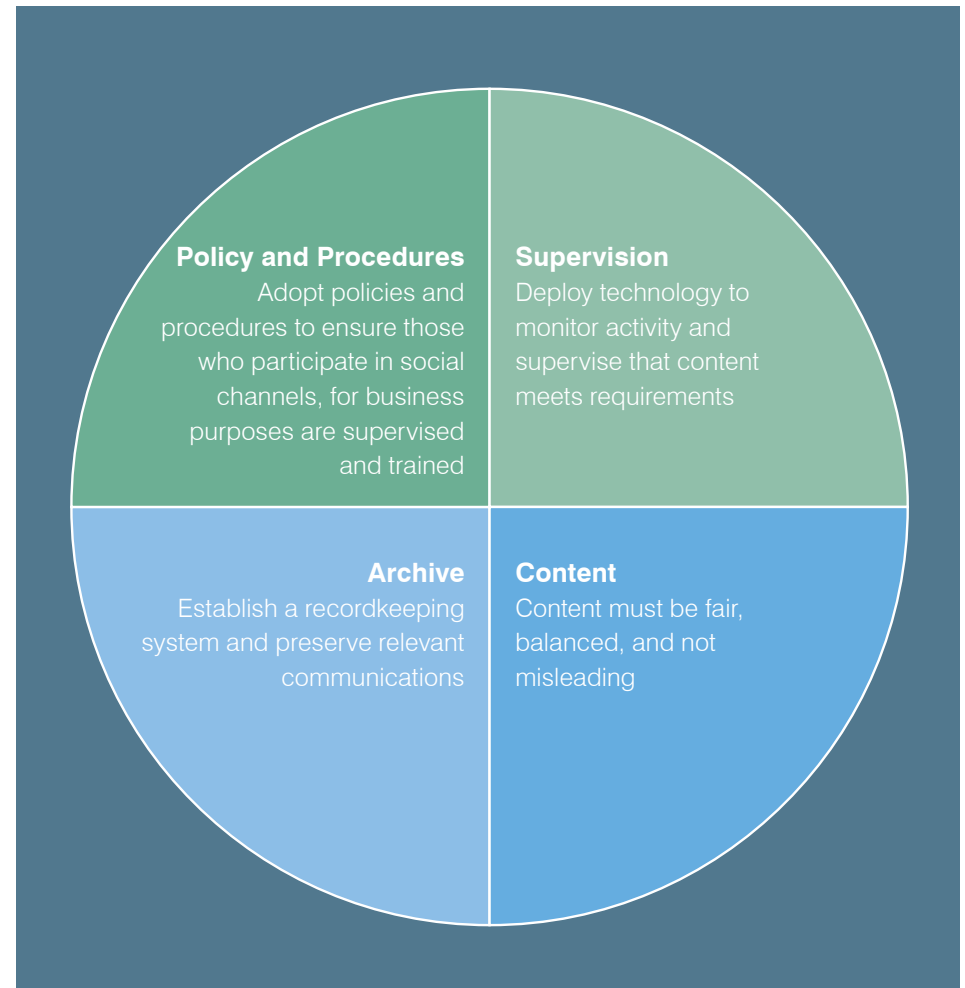


SOCIAL MEDIA REGULATIONS AT A GLANCE

The primary regulations covering the financial services industry include:

- SEC
- FINRA
- FFIEC

While the language varies in each regulation, FIs need to manage social media processes across four primary categories—policies and procedures, supervision, content and archive.



10 TIPS TO STAY COMPLIANT ON SOCIAL MEDIA

You've got lots of employees and investment advisors engaging on social media.

Here are 10 steps to safely engage on social media and ensure compliance with financial services regulations:

TIP 1

KNOW YOUR SOCIAL MEDIA REGULATIONS

Social media is still a new communications medium compared to email, so some regulations are still changing.

You should acquaint yourself with the latest regulations. Your compliance officer and social media marketer should work together on the guidelines and decisions on how the business is using social media.



SPOTLIGHT

REGULATION—FINRA Rule 2210

Governs broker dealers' social media communications with the public and investors. Establishes standards for content, approvals, recordkeeping, and filing with FINRA.

TIP 2

ADOPT POLICY AND CONTROLS TO MONITOR AND SUPERVISE SOCIAL MEDIA COMMUNICATION

Most financial services regulatory guidelines require your organization to monitor its social media compliance efforts. Your corporate-owned social media accounts should be supervised (or monitored) to ensure the content and communications maintain compliance.

Other risk areas to monitor include:

- Cyber attacks
- Inadvertent sharing of personal information
- Embarrassing or inappropriate posts
- False or misleading content

SPOTLIGHT

FINRA Notices 17-18, 11-39 and 10-06

- Monitor and supervise dynamic content that is used to engage in real-time interactive communications
- Firms can choose not to require approval prior to posting but should ensure that posts are fair, balanced, and not misleading
- Monitor and supervise third-party content



TIP 3

DEPLOY TECHNOLOGY TO CAPTURE AND RETAIN SOCIAL CONTENT

Many regulations that cover financial services (such as FFIEC, SEC, and FINRA) require you to establish a recordkeeping system for your digital communications. This includes social media.

The best approach is to classify content before archiving. This approach lets you search for all content or compliance violations without building a list of keywords for each requirement. This process should also be automated to save time and costs.

SPOTLIGHT

Securities Exchange Act Rules 17a-3 and 17a-4

Requires every member of a national securities exchange to preserve relevant communications for a period of not less than three years. For the first two years, it must be in an easily accessible place.



TIP 4

CREATE ACCEPTABLE USE POLICIES THAT ARE REINFORCED THROUGH TRAINING

Your employees and advisors want to make sure they're doing the right thing when they use social media. Build a social media acceptable-use policy that gives them guidance on compliance violations and how to avoid them.

Reinforce the policy with training. And reiterate how they should manage business communications on social media.



TIP 5

IMPLEMENT COMPLIANCE GUARDRAILS FOR YOUR SOCIAL SELLING PROGRAM

In the early days of social media, there was a firm line between personal and business use of social media. Now, financial services companies are taking steps to support their advisors in social selling without treading into an offer or promotion of securities.

Put the appropriate guardrails in place to enable your associated employees to engage in social selling. You must also regularly review and approve static content such as profiles and background images. Adopt tools that help automate your supervision and review efforts of designated social media profiles.



TIP 6

PROVIDE ACCESS TO COMPLIANT SOCIAL SELLING CONTENT

If you have plans to start a social selling program, you must ensure the social content complies with industry rules. The ideal way: provide your advisors with access to a library of pre-approved compliant content. You should also adopt review workflows to ensure new content complies with all regulations.

Articles on third-party sites can also be compelling content to share. According to FINRA, when you provide your advisors with links to third-party sites, you need to ensure it doesn't contain false or misleading content. So remember to include third-party content in your review process as well.

“CONTENT IS THE NEW CURRENCY IN SOCIAL SELLING.”

Beth Wood, Vice President, Chief Marketing Officer, Individual Markets
The Guardian Life Insurance Company of America

TIP 7

ADHERE TO FINRA'S RULES ON NATIVE ADVERTISING

Native advertising (a form of paid advertising that looks like an article) is allowed. But you must make it clear, conspicuous, and prominent that the content is an ad. The rules cover certain content standards, such as not being misleading and being upfront about paid ads.

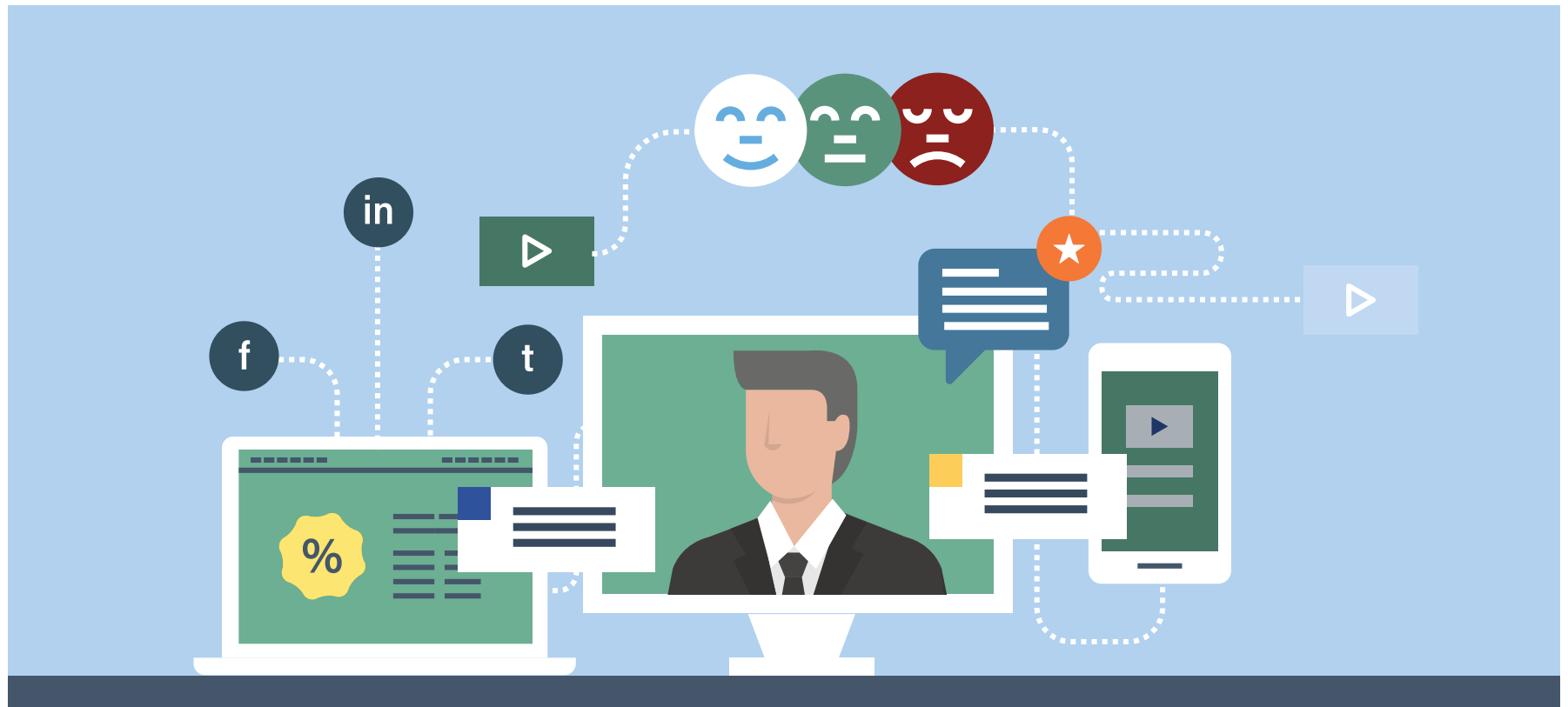


TIP 8

ENSURE TESTIMONIALS MEET REGULATORY GUIDELINES

The use of testimonials on social media can get confusing. For advisors, SEC prohibits use of testimonials or referrals as part of social media advertisements and promotions. From FINRA's point of view, broker dealers may use customer testimonials in some specific circumstances and with proper disclosures.

Given the complexities in following two sets of rules, financial services companies tend to forbid the use of testimonials by policy. Your social media compliance tools should supervise endorsements as well.



TIP 9

ADOPT AUTOMATED CONTENT SUPERVISION TECHNOLOGY FOR YOUR STATIC AND DYNAMIC (INTERACTIVE) CONTENT

FINRA makes a distinction between static and interactive content. Static content, such as LinkedIn and Facebook profiles, require approval before being used for business. Interactive content, such as real-time posts and comments, may be supervised (or reviewed) after the fact.

Make sure you have technology that automatically supervises all content on your account for compliance. That includes anything you or your followers post as well as static content.

Financial regulation classifiers should detect issues and risks specific to your industry. This ensures your followers, partners, and customers are not mistakenly posting confidential or regulated data to your account. This approach provides the enforcement you need to avoid a violation.



TIP 10

INCLUDE DATA PRIVACY, PROTECTION, AND CYBERSECURITY INTO YOUR COMPLIANCE PROCESSES

The intersection between privacy, cyber threats, and social media is very real. That's because bad actors thrive on social media as a forum to unleash brand fraud and cyber attacks. They also use social media to access your personal information based on what you post on social media.

These risks can lead to financial loss, reputational risk, and regulatory consequences. Integrate protection within your social compliance technology is a best-practices approach.



MANAGE SOCIAL MEDIA COMPLIANCE WITH PROOFPOINT

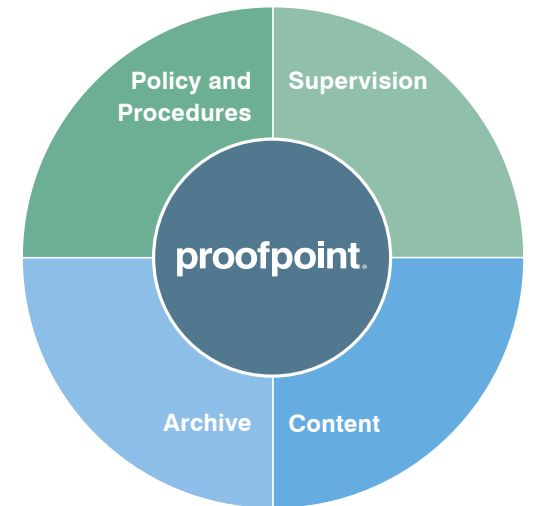
We automate financial services social media compliance supervision and record retention. With just a few clicks, pre-built financial services policy templates help you manage your social media compliance. We make it easy to manage review and approval workflows for pre- and post-published content.

Plus, all messages are automatically added to the archive—there is simply no easier way to meet social media compliance requests.

With Proofpoint Digital Compliance, you can:

- Apply policy and demonstrate compliance for FINRA, SEC, and more
- Automate compliance content scanning and enforcement across your social media properties
- Get detailed reporting for governance and compliance audits
- Capture and archive social media content, including communication between your advisors and their clients

No other solution makes it easier for FIs to safely engage on social media and stay compliant.



POLICY	SUPERVISION	CONTENT	ARCHIVE
<p>End-to-end compliance platform that delivers social media best practice policy templates and customer success</p> <p>Delivers real-time monitoring to ensure policies are followed; enables firms to identify those who require additional training</p>	<p>Continuously monitors social accounts and identifies high-risk content; can remove it in seconds</p> <p>Out-of-the-box policy templates manage financial services compliance; no rule-writing or keyword lists needed</p> <p>Monitors RIA social profile accounts and automatically identifies testimonials in both pre- and post-published content</p>	<p>Provides streamlined approval workflow for stakeholders to pre-approve static content, including profiles and ads</p> <p>Provides immediate remediation of problematic content</p> <p>Provides a library of highly targeted content—both generated by internal and third-party staff</p>	<p>Automatically adds all messages to the archive with a single check box</p> <p>Captures and archives social content that constitutes advertising, sales literature, and correspondence</p> <p>Allows you to preserve social content for a period of at least six years per FINRA rules in SEA 17a-4</p> <p>Ensures information is available for immediate access by compliance team or regulator</p>

PROOFPOINT DIGITAL COMPLIANCE

Learn more

proofpoint.com/digital-compliance

ABOUT PROOFPOINT

Proofpoint, Inc. (NASDAQ:PFPT), a next-generation cybersecurity company, enables organizations to protect the way their people work today from advanced threats and compliance risks. Proofpoint helps cybersecurity professionals protect their users from the advanced attacks that target them (via email, mobile apps, and social media), protect the critical information people create, and equip their teams with the right intelligence and tools to respond quickly when things go wrong. Leading organizations of all sizes, including over 50 percent of the Fortune 100, rely on Proofpoint solutions, which are built for today's mobile and social-enabled IT environments and leverage both the power of the cloud and a big-data-driven analytics platform to combat modern advanced threats.

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