



Social Media: Canadian and U.S. Perspectives



Matthew Hallett

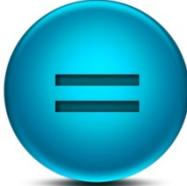
NBCN

LinkedIn Compliance

- IROC/FINRA updated communication policies to address use of social media within financial services industry

Regulated similarly, but NOT identically to in-person or written communication

- Social media opens new channels of information for Advisors and Clients, generating more content and posing compliance risks

- New Communication Platforms  New Compliance Issues

Eg. type of content, approval, record keeping, client interaction

- In 2012, Actiance has tracked 150 changes on Twitter, **178 on LinkedIn** and over 1200 on Facebook

The Rules:

Regulation	Social Media Impact
IIROC Notice 11-0349	Provides guidance on the review, supervision, and retention of sales literature, advertisements, and correspondence
Rule 29.1	Anonymous representations or recommendations are improper.
Rule 29.7 (1)	Advertising and sales literature shall not be false or misleading.
Rule 29.7 (2)	Written policies and procedures shall be in place regarding the review and supervision of sales literature related to the business.
Rule 29.7 (3)	Some types of sales literature must be pre-approved by a supervisor.
Rule 29.7 (5)	Recordkeeping requirements - two years for advertisements and five years for all correspondence
National Instrument 31-103	Firms must retain records of all their business activities and communications for two years, in a manner that allows “rapid recovery to a regulator,” Can extend to IM and social media.
Securities Act (Ontario), Subsection 19	Record-keeping and compliance reviews
Commodity Futures Act (Ontario), Subsection 14	Record-keeping and compliance reviews

Classification of **LinkedIn** Content

- **Static**: remains posted until changed by user, accessible to all visitors and classified as an advertisement. Must be **pre-reviewed and archived**.
- **Interactive**: content that is used for real-time communications and is accessible by all users dependent on where it is posted. Must be **scanned, archived and post-reviewed**.
- **Actions**: anything an account owner can do that doesn't generate new content but could potentially lead to compliance issues. Must be **scanned, archived and post-reviewed**.

Compliance Actions

Archive: capturing and retaining posted content in an easily discoverable format. Companies do offer archiving software for social media.

Pre-review: analyze and moderate content before it is posted to a social media website. Usually done by companies compliance department because updated infrequently.

Post-review: content is analyzed and audited after it has been posted

Real-time Scan: examine posts in real-time to detect exceptions before archiving for post-review

Block Access: disable the ability to access a feature on LinkedIn. Can be used personally or to prevent others. Is used in specific situations. Typically used for actions.

Compliance Needs for **LinkedIn** Features

Profile & Summary

Outline of current and past professional affiliations: Job titles, education and connections with other users

Classified as static content and must be **pre-reviewed** before it is published.



Matthew Hallett  

Executive Leader in Financial Services, innovative thought leader, coach, builder, relationship manager, public speaker.

Toronto, Ontario, Canada | Investment Management

Current Regional Vice President, Ontario and Atlantic - Advisor Distribution at National Bank of Canada

Previous GrowthWorks Capital, VenGrowth, BMO Nesbitt Burns

Education University of Guelph

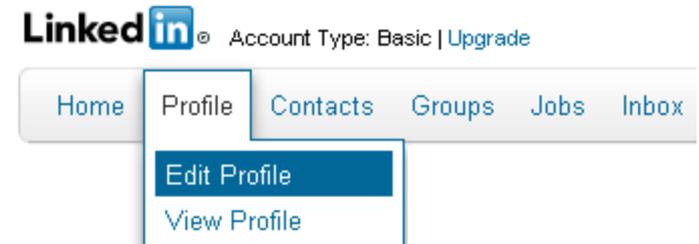
Additional Compliance Needs

Editing Profile

LinkedIn allows users to edit and update their profiles

This is considered an action

Best practices advise users to **block this feature** after the profile is initially created. Insures user doesn't modify information after official compliance approval.



Compliance Needs for Features

Experience, Skills, Education & Additional Info

Are all classified as static content and viewed as advertisements. All of this content must be **pre-reviewed**.

Experience

Regional Vice President, Ontario and Atlantic - Advisor Distribution **National Bank of Canada**

Public Company, 10,001+ employees; NA.TO; Banking industry
June 2007 – Present (5 years 6 months) | Toronto, Canada Area

Responsible for the development, through re-build, and success of the sales team for distribution of mutual fund and credit products to the full IROC, MFDA and MGA community. Responsible for the planning, development and marketing of National Bank Funds which included the creation of sales and marketing strategies, cost analysis and presentation materials. I took a lead roll on the creation and implementation of Social Media Strategy including writing and explanation of policy.

My time at National Bank has led me to change my roll a number of times, implementing national segmentation and client retention/development strategies, the addition of multiple sales channels to my supervision and participation in multiple committees.

- Consistent year over year sales growth across all fund brands.
- Successfully mentored and coached 2 Outside Wholesalers in Banking products re-inventing their wholesaling strategies resulting in tremendous sales success.
- Thought leader in Wealth on Social Media, respected presenter in high demand on Effective Use of Social Media within Financial Services.
- Continue to be seen as a dedicated business partner committed to the best interest of my core group of Advisors.
- Strong and proven relationship with Advisors throughout the regions. Well respected by Advisors, driven by integrity and overall sense of delivering the utmost client service experience.

Regional Vice President, Ontario

GrowthWorks Capital

Privately Held, 51-200 employees; Venture Capital & Private Equity industry
August 2004 – June 2007 (2 years 11 months) | Toronto, Canada Area

Responsible for the generation of sales and servicing of both the IDA and MFDA channel by actively identifying all opportunities to sell and promote the GrowthWorks Funds. Also included in my responsibilities were Political Lobbying at both the federal and provincial levels of parliament for changes to the Labor Sponsored Rules.

Regional Director, Sales

VenGrowth

Privately Held, 11-50 employees; Venture Capital & Private Equity industry
January 2002 – July 2004 (2 years 7 months) | Toronto, Canada Area

Responsible for the generation of sales primarily in the IDA in GTA/Ottawa/London. Main product specialist for Mackenzie Financial Sales Team during RRSP campaign's around LSIF sales.

Vice President, Alternative Strategies

BMO Nesbitt Burns

Public Company, 1001-5000 employees; BMO; Financial Services industry
January 2001 – January 2002 (1 year 1 month) | Toronto, Canada Area

Solely responsible for the Sales and Distribution of two fund of hedge fund strategies to the National Nesbitt Burns sales force, as well as full IDA sales of Structured Managed Futures Notes.

Additional Compliance Needs

Endorsements: written by other users who have had direct contact with you in either your professional, volunteer or academic career.

Classified as advertisement and static content

However

Testimonials and recommendations are prohibited within advertisements as they can be interpreted as endorsements of skills as an advisor.

Required Action: **Block**

The screenshot displays a professional profile interface. On the left, under the heading "Skills & Expertise", there is a list of skills with associated counts: Investments (5), Mutual Funds (4), Portfolio Management (2), Social Media Strategy (2), Social Media (2), New Business Development (1), Public Speaking (1), Social Media Compliance (1), Coaching, and Expense Budget... On the right, under the heading "Endorsements", there are several rows of small profile pictures of individuals who have endorsed the user. Below the skills list, there is a section titled "More Skills & Expertise" containing a grid of skill tags: Executive Leadership, Thought Leadership, YouTube, Practice Management, Blog Marketing, Business Development, Team Leadership, Sales Management, Mentoring, and Cross Selling.

Best Practices Skills/Expertise/Endorsements

Skills & Expertise [Edit](#)

[+ Add a skill](#)

5	Investments		▶
4	Mutual Funds		▶
2	Portfolio Management		▶
2	Social Media Strategy		▶
2	Social Media		▶



Click on the arrow to the right of your endorser's photo.

2 people endorsed you for Social Media ×

	Chant Asaduryan 1st Business Development, Social Media enthusiast and Photographer	Hide endorsement
	Aslam Omar 1st Manager and Strategic Advisor, Information Technology & Digital at National Bank of Canada	Hide endorsement

[Close](#)



In the dialog box click the Hide Endorsement button, your skill will remain, but the endorsement will be hidden.

Additional Compliance Needs

Network updates and Comments

Provides network with insight on current work, news, and interesting notes that the user wants to share.

Viewed as interactive content and should be **scanned**, and subject to **post-review**.

Does not pose compliance issues as long as they meet IIROC/FINRA guidelines.



Matthew Hallett

Delete

Hope you'll consider joining me at IIAC's Fall Compliance and Operations Symposium where I'll be on a panel discussing Canadian and US Perspectives on Social Media, in particular recent changes to LinkedIn Endorsements. <http://lnkd.in/RG5TVC>

Upcoming Events

iiac.ca • *** Panel sessions may be eligible for CE Credits *** Please note: this symposium is not open to media. When: Thursday, November 8, 2012 Where: Toronto Board of Trade (First Canadian Place, 77 Adelaide Street West, Toronto, ON)...

Like • Comment • Share • 10 minutes ago

Additional Compliance Needs

Sending Messages & Replies

Private messages sent to other LinkedIn users.

Viewed as interactive content and should be **scanned**, **archived** and subject to **post-review**.

Does not pose compliance issues as long as they meet IIROC/FINRA guidelines (treat as email.)

Send Matthew a message ×

Include others on this message

To: Matthew Hallett

Subject:

or

Additional Compliance Needs

Likes & Sharing

Likes: allow users to “like” status updates from their connections

Sharing: users can share one of their connection’s updates with the rest of their connections.

Be on the alert: potential violations arise with IIROC/FINRA guidelines. Sharing can cause issues of “entanglement”

Both are viewed as interactive content and should be **scanned, archived** and subject to **post-review**.

Matthew Hallett Hope you'll consider joining me at IIAC's Industry Breakfast Seminar Series as I lead a round table on Social Media, and how it relates to our industry. See link for registration info: <http://lnkd.in/Gj4dkq>

Industry A.M. Breakfast Seminar Series iiac.ca

Sponsored by Broadridge Presentation By: Aslam Omarm Application Manager at National Bank Financial Group and Matthew Hallett, Regional Vice President, Advisor Distribution at National Bank Financial Group. Join us for this...

Like • Comment • Send a message • Share • See all activity • 6 hours ago

Additional Compliance Needs

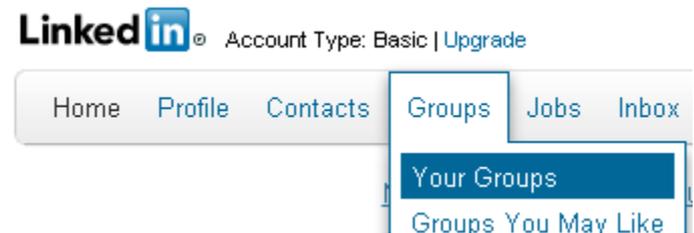
Groups

Groups allow you to see updates news and comment on topics being discussed amongst group members.

Joining: constitutes an action and does not pose any direct compliance concerns.

Creating: is also an action and isn't a compliance concern itself. However, all groups should align with your company's policies. (Be aware of brand control policy.)

Posting: viewed as interactive content and should be **scanned, archived** and subject to **post-review**. Posts don't pose compliance issues as long as they meet IIROC/FINRA guidelines.



Thanks!



Regional Vice President,
Advisor Distribution

matthew.hallett@nbc.ca



@matthewhallett



ca.linkedin.com/in/matthewhallett



Paul Bradley

Fraser MacKenzie

- Fraser Mackenzie – Institutional Dealer
 - Equity Research/Sales & Trading/Investment Banking
 - Website, Company LinkedIn Page
 - Use Instant Messaging – Bloomberg/TR Messenger, Others as Requested by Clients
-

- Social Media Pilot Project – Twitter Notification of Research
 - Use CRM System To Distribute Research by e-mail
 - Highly Customizable, Right Product to Right Clients
 - But Clients Drowning In e-mail
 - Surveyed Clients
 - They use Twitter to Monitor Markets & Information Sources
 - Told us they currently react more quickly to Tweets.
-

- Experiment Send Notifications via Twitter to Controlled Group of Followers;
 - Buyside institutions
 - Mainstream media organizations
 - Listed companies we research
 - Internal “committee” to:
 - Set expectations,
 - identify issues,
 - Plan implementation,
 - Monitor results – current phase.
 - Use HootSuite to Tweet
 - HootSuite integrates with Global Relay our e-mail/IM archiving provider
-

- Worked with IIROC on Form and Content of Tweets:
 - Approvals
 - Disclaimers/disclosures
 - Retention of materials
 - Extension of our current process - approvals in place
 - Disclaimers and disclosures – linked through the Tweets
 - Relevant Rules: 3400, 29.1, 29.7 (1-5) & NI31-103
-



Joseph Price

FINRA

Regulation of Social Media

IIAC Conference, November 8, 2012

FINRA Regulatory Notices 10-06 and 11-39

- **Regulatory Notice 10-06 (January 2010):**
 - Recordkeeping
 - Suitability
 - Types of Electronic Forums
 - Supervision of Social Media Sites
 - Third-party Posts
- **Regulatory Notice 11-39 (August 2011):**
 - Recordkeeping
 - Supervision
 - Third-party Posts, Third-party Links and Websites
 - Handling of Website Data Feed
 - Accessing Social Media from Personal Devices

Types of Interactive Electronic Forums

- **Regulatory Notice 10-06:**
- Content posted on a social media site may be divided between two types:
 - Static content – profile, background or wall = advertisement and requires approval prior to use
 - Non-static, real-time, interactive communications = public appearance and no prior approval required
- Interactive content can become static content, and therefore subject to review and approval requirements
 - Example: content that is copied or forwarded and posted in a static forum – such as a blog or static area of a web page

Training and Supervision of Social Media Sites

- **Regulatory Notice 10-06:**

- If public appearance (non-static content), no prior approval needed, but must adopt method of post-use review, for example, sampling or lexicon-based searches

- **Regulatory Notice 11-39:**

- Firms should adopt appropriate training and education concerning its social media policies
 - Firms should follow-up on “red flags” that may indicate non-compliance by employees
 - Example of best practices include – certification of compliance with policies on a regular basis or random spot checking websites to help monitor compliance with firm policy
- Material changes to static content posted by a firm or associated person

Third-Party Posts, Third-Party Links and Websites, & Co-Branding

– Regulatory Notice 11-39:

- Associated persons may respond to questions from third-parties on social media sites only if authorized to do so under firm policies; pre-approved template responses are allowed
- Co-branding of a third-party site with prominent placement of a firm's logo can lead to firm responsibility for co-branded site. Co-branding depending on facts and circumstances can lead to adoption
- Links to Third-Party websites
 - If a firm has adopted or become entangled in content on a third-party site and then provides a link to that site – the firm is responsible for content that is linked
 - A firm may not be responsible for content on an independent third-party site to which it links, if
 - The firm does not adopt or become entangled with the content of the third-party site; and
 - The firm does not know or have reason to know that the site contains false or misleading information

Recordkeeping

– Regulatory Notice 11-39:

- Firms must retain records of communications related to their “business as such” under FINRA and SEC rules
- Whether a communication relates to business depends on facts and circumstances
- Analysis does not depend on device or technology used to transmit communication – the content of the communication is determinative
- Firm’s policies and procedures must include training on differences between business and non-business communications and on measures required
- Autobiographical information posted by an associated person may or may not be considered business communications – depends on content and context
- Recordkeeping requirements do apply to third-party posts if they are (1) received by the firm or associated persons and (2) relate to business as such
- Recordkeeping requirements can apply equally to static and interactive communications
- Technology that automatically erases or deletes content can’t be used if information needed to be recorded and retained

Use of Personal Devices

- **Regulatory Notice 11-39:**

- Firms may permit associated persons to use personal devices (whether owned by person or business) for business communication
- Firm must be able to retain, retrieve and supervise business communications regardless of device ownership
- Firms should be able to separate business and personal communications – *e.g.*, provide a software application for a secure portal with training