

BrightScope® Advisor Pages

Effectively Managing Your Social Presence

How to Stay Social and Compliance-Friendly through BrightScope Advisor Pages



General Compliance Overview

The consumer landscape has become increasingly social with more and more individuals and organizations flocking to social media to communicate. As financial advisors look to embrace these new communication mechanisms, valuable opportunities to increase brand awareness and one's web-footprint have emerged, and make the social space an enticing opportunity for both growth and client retention.

- According to a 2012 Cogent Research study, there are more than **5 million investors** who use social media to help with financial decisions. ([Cogent Research, 2012](#))
- In 2012, **55% of adults aged 45-54** had a personal profile on a social media platform. ([Edison Research, 2012](#))
- By 2013, more than **50% of financial advisors** surveyed expect social media to be a significant component of their marketing. ([FTI Consulting / LinkedIn Marketing Solutions, 2012](#))

Financial advisors stand to benefit greatly from increasing their social reach and utilizing new communication mediums, yet must be aware of certain guidelines and policies related to their social activity. Through adherence to these general guidelines, as well as internal communication policies, financial advisors can successfully and fruitfully engage investors through social media.

Below are some of the most important guidelines that currently shape the way financial advisors communicate through social media

STATIC AND INTERACTIVE CONTENT

There is an important distinction between “Static” and “Interactive” content in social communication, with each subject to specific guidelines and policies.

STATIC CONTENT

Static content, as its name suggests, is fixed content such as images, media files, or a social media profile. Under FINRA Rule 2210, static content posted on a social media site is considered an advertisement, and therefore must be pre-approved by a principal of your firm, with all changes to the content documented.

In cases where real-time communication is possible (such as forums or sites that allow commenting), the content is not considered static.

Some Examples of Static Content include:

- *Content Displayed on Firm Website(s)*
- *Social Media Profile*

INTERACTIVE CONTENT

Interactive content is defined as real-time discussions with outside parties. Content posted in an interactive forum is defined by FINRA as a public appearance. Interactive content does not require prior principal approval, but must be monitored in order to uphold industry communication rules.

Whether you may participate in forums that allow users to comment is at the discretion of your firm. Check with your compliance officer for your firm's policies, guidelines and training on interactive social media usage.

According to FINRA, when interactive content is copied and posted in a static forum, such as a blog, it would then be considered an advertisement under NASD Rule 2210 and must be pre-approved.

Some Examples of Interactive Content include:

- *Blog Posts*
- *Instant Messaging*
- *Webinars*
- *Tweets*
- *Commenting on static content*

A March 2013 update from the SEC made clear that certain interactive content need not be filed under the Investment Company Act of 1940 and that the content included in the communication is the true deciding factor. The update from the SEC suggests an "examination of the underlying substantive information transmitted to the social media user," and makes clear that interactive content should not be treated uniformly.

Specifically, the SEC update provides a few examples of interactive content that would generally not need to be filed under the requirements of Section 24(b) of the Investment Company Act of 1940 or Rule 497 under the Securities Act of 1933, including:

- "Incidental mention(s)" of fund families or specific investment companies not related to a discussion of the merits or performance of that fund.

- Responses to social media users that contribute “discrete factual information that is not related to a discussion of the merits of a fund.”

Additionally, the March 2013 SEC update provides a few examples of interactive content that should be filed pursuant to the Investment Company Act of 1940 or the Securities Act of 1933, including:

- Discussion of a fund family or financial instrument that includes reference to some element of fund performance or that promotes a fund’s returns.
- Communication initiated by the advisor that discusses the merits of a specific fund.

SUPERVISION

A registered principal is responsible for reviewing and approving any social media site that an advisor intends to use for business purposes. Advisors must comply with industry regulations, federal securities laws and satisfy recordkeeping and any additional specified rules, including their firm’s policies.

RECORDKEEPING AND ARCHIVING

Firms must develop policies and procedures to train representatives in the difference between business and non-business communications for compliance. The firm and its principals must create recordkeeping and management policies to record social media content created by firm representatives. BrightScope offers solutions to help satisfy these requirements.

Using BrightScope Advisor Pages

BrightScope Advisor Pages is a unique platform that allows advisors to highlight their expertise and build brand- recognition online. Portions of the platform should be considered interactive content, while other features of the product should be considered static. As described above, there are certain guidelines and policies to adhere to depending on the type of content.


The section below outlines portions of the BrightScope Advisor Pages platform that should be considered static content and portions that should be considered interactive.

“STATIC” FEATURES OF BRIGHTSCOPE ADVISOR PAGES

Your Advisor Pages profile on BrightScope is a great example of static content. Every advisor who is registered with FINRA or the SEC already has a profile on Advisor Pages, just by virtue of being registered with one or more regulatory bodies. Advisors can then choose to enhance their public profile, by adding static content such as:

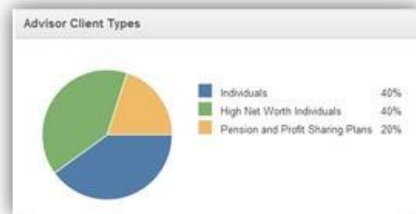
- Advisor Description
- Articles and Publications
- Advisor Compensation Arrangements
- Advisor Services Chart
- Primary Client Types Chart

Joshua Morgan Brown ⓘ



Firm: Fusion Analytics Investment Partners LLC
Type: RIA

[Contact Advisor](#) [Edit Profile](#)



Advisor Compensation Arrangements ⓘ

Fee Only Advisor This advisor has certified that they are compensated solely by their clients, and do not accept commissions or compensation of any kind based on the products they recommend.

Types of Compensation Arrangements

Compensation Arrangement	Percentage
Percentage of Assets	80%
Fixed Fees	15%
Hourly Charges	5%

“INTERACTIVE” FEATURES OF BRIGHTSCOPE ADVISOR PAGES

While an advisor’s basic profile on BrightScope should be considered static content, and therefore subject to preapproval, there are features of the Advisor Pages platform that should be considered interactive content, and do not require pre-approval.

To help ensure compliance with the firm’s rules, BrightScope has built flexibility into the product that allows advisors to “pick and choose” whether certain features are activated or not. Both the Financial Guide and Financial Q&A features can be removed from an advisor’s membership to prevent the advisor from participating in either feature. The features of BrightScope Advisor Pages that should be considered interactive include:

- [Financial Guides](#)
- [Financial Q&A](#)

FINANCIAL GUIDES

Financial Guides on BrightScope are published by advisors who want to highlight their expertise by discussing current events, industry trends and other financial topics. They are highly visible both on BrightScope Advisor Pages and in internet search engine results. Advisors may publish and repurpose preapproved content as Financial Guides on BrightScope Advisor Pages as long as it has been previously filed and is without material change.

Since consumers have the ability to comment on Financial Guides however, there is an interactive component that must be considered when publishing Financial Guides on BrightScope. Comments are allowed on approved social media if the response does not violate individual firm policies concerning participation on the

social media site. If an advisor cannot participate in forums that allow consumers to interact or comment, the feature can be removed from the advisor's membership.

Examples:

Four Helpful Facts about the Alternative Minimum Tax
Tax Planning
by Kimberly L. Curtis, CFP®, ChFC, CLU, CAP, AEP, MSFS 20
19 votes

Pitfalls and Possibilities of a Self-Directed IRA
Retirement Planning
by Richard S. Kahler, MS, CFP®, ChFC®, CCIM 9
15 votes

3 Characteristics of A True Wealth Manager Financial Planning
by Russ Thornton 10
9 votes
Its no wonder so many people are confused about the differences between financial advisers, wealth managers, investment managers, brokers and insurance agents. Virtually anyone can set up shop and call themselves by any one – or all – of these names. True wealth managers share ...(more)

FINANCIAL Q&A

Financial Q&A on BrightScope Advisor Pages is interactive content and hence does not require pre-approval. The firm still has the responsibility to supervise activity through periodic reviews, automatic alerts and other such post-review mechanisms. Archiving Financial Q&A content is imperative, and all communication that occurs through BrightScope's Financial Q&A is retained.

Investors are able to comment on an advisor's answer in the Financial Q&A forum, and advisors must also treat this component of the platform as interactive content. Comments are allowed on approved social media if the response does not violate individual firm policies concerning participation on the social media site, but firm policies will dictate an advisor's ability to respond to an investor's comments in the Financial Q&A forum on BrightScope.

Examples

The image displays three overlapping screenshots of BrightScope Financial Q&A posts. Each post includes a question, an advisor's profile picture and name, a short answer, and a vote count.

- Post 1:** Question: "Should I keep my portfolio with Fidelity or move my funds to a Vanguard target fund in order to preserve principal, maximize return and lower fund advisory fees?" (Portfolio Management). Answer by Roger Lawrence Wohlner (19 votes): "I have to agree with the comments by Hilary, Rodney, and Jonathan. While I'm a huge Vanguard fan and use many of their funds and ETFs, Jonathan's comment about using one of their financial advisors is right on. While this might seem self-serving the..." (more)
- Post 2:** Question: "I had a 401k at an old company I worked with but haven't touched it since I left that employee five years ago, what should I do with it?" (Financial Planning). Answer by Nicholas Olesen, CFP®, CRPC® (14 votes): "Roxanne, the only advantage to keeping an old 401(k) with a former company would be if there were enough investment options to properly manage it or the options are not available outside the 401(k)."
- Post 3:** Question: "How do I know if my advisor is a Fiduciary?" (Selecting an Advisor). Answer by David Schlossberg, RFC, AIF (20 votes): "Some of these answers are not complete. For example, missing from the list is an RFC (Registered Financial Consultant) who has also taken an oath to serve in that capacity. But let's go one further. I would think your interest is not only one that is ..." (more). Includes 3 Comments, Answer, Share This Answer, and date: Jan 17, 2012 from East Dundee, IL.

GENERAL BEST PRACTICES FOR COMMUNICATING ON ADVISOR PAGES

BrightScope Advisor Pages includes both static and interactive features that advisors can take advantage of. Many of these features, including Financial Q&A and the Financial Guide feature can be removed from an advisor’s membership if desired, but we have also designed advanced monitoring and communication tools to help advisors use Advisor Pages in compliance with their firm’s policies and industry regulations.

BrightScope recommends that advisors treat certain features as subject to either principal pre-approval or post- use review as outlined below, but advisors should refer to their firm’s policies to confirm alignment with the below recommendations before acting on them:

Feature	Principal Pre-Approval	Post-Use Review
Financial Q&A		▶
Financial Guides	▶	

All advisors on BrightScope Advisor Pages have access to custom compliance reporting tools, allowing the advisor to provide a compliance officer’s e-mail address, and to choose how frequently his/her activity on BrightScope Advisor Pages is communicated to their compliance office. **Additionally, advisors can indicate whether a particular feature should be reviewed and approved by compliance before or after the content is published on BrightScope.**

Learn More:

www.brightscope.com/advisor-pages

Contact the Advisor Pages Team:

AdvisorPages@BrightScope.com

(858) 433-6606

Helpful Regulatory Resources:

- [SEC IM Guidance Update](#)
- [FINRA Regulatory Notice 10-06](#)
- [FINRA Regulatory Notice 11-39](#)
- [FINRA Rule 2210](#)

DISCLAIMER

Your use of this guide is at your own risk. The comments, opinions and recommendations contained herein are intended for general informational purposes only to serve as a starting point to gather information about the laws and regulations governing your use of BrightScope's services, and you should not rely solely on the information contained herein. The information in this guide does not constitute financial or legal advice. This guide does not create a fiduciary relationship between you and BrightScope, nor does it relieve you of any obligations to comply with the policies and rules imposed by your firm and applicable regulators. BrightScope makes no express or implied representations or warranties relating to the quality, suitability, accuracy or completeness of any information contained herein or the results obtained from the use thereof.

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