

Regulators Don't "Like" How Advisers Are Using Social Media

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Social media use by advisers is on the rise. A recent survey by the Massachusetts Securities Division found that 44 percent of the state's investment advisers use at least one social media site.

However, [adviser compliance programs](#) are not keeping up. In fact, many firms don't have social media policies yet. According to Amy Sochard, director of advertising regulation at the Financial Industry Regulatory Authority (FINRA), it was the most comment industry regulation violation.

Based on output from many industry participants, many firms just aren't sure what they can and cannot do without running afoul of state and federal laws. A simple example, one of many that will invariably come up: many are uncertain whether investors who click the "like" button on an adviser's Facebook page are providing a testimonial, a practice that is heavily regulated for brokers and prohibited for advisers. There is no clear guidance from the SEC and no uniform one from state regulators.

My advice, as always, is to be mindful, make a decision that is defensible in a reasonable person's mind and maybe err on the side of caution until the regulators shed more light on their position. Or seek guidance — of course with the risk that you may not get the answer you'd like.

About Eckerle Law

Eckerle Law offers a highest-quality and cost-effective alternative to the traditional law firm model for a wide variety of transactional and regulatory matters serving all your business law needs. Our experienced attorneys also provide a full range of [compliance services for investment advisers](#), offering compliance tools that are tailored to fit the ever changing regulatory landscape as well as your business needs.

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