

BROKER'S WORLD CANADA: New Social Media Policy To Be Out Soon

--Revised social media guidelines for advisers may be issued next week

-- Assante Wealth Management and Macquarie already have programs

--Advocis wants regulators to set principles, not mandate a system

By Evelyn Juan
A DOW JONES NEWSWIRES COLUMN

TORONTO (Dow Jones)--Canadian regulators are expected to roll out new social media guidelines for broker-dealers next week. Meanwhile, firms have begun to roll out or draft their own.

Most firms do not allow their advisers to communicate with clients or solicit business on social media. A handful allow advisers to use one or two platforms within certain rules. Last month, CI Financial's (CIFAF, CIX.T) Assante Wealth Management went further and approved the use of Facebook, LinkedIn, Twitter, Youtube, and Accretive Advisers, but with a pre-approval system.

The Financial Advisors Association of Canada, or Advocis, last April urged regulators to use a principle-based approach in its guidelines rather than require companies to have a tight system of control or impose specific rules.

Advocis argues that the current rules, requiring communications on social media not to be false or misleading, are sufficient. The group fears that an air-tight scheme of supervision, monitoring, retention and review of everything posted might discourage advisers from using social media, and become a compliance burden to smaller investment dealers.

Assante declined to provide details of its new policy but a person familiar with it said that all posts must be approved in advance, including re-tweets or re-posts. Advisers cannot send business communications like client letters via social media, and all notifications related to their social media accounts must go through their work email, the person said. They can use social media to post articles,

comments on the market, promote events, and other business-related activities, but all these need to pass through compliance.

Macquarie Private Wealth, a unit of Macquarie Group Ltd . (MQG.AU), will roll out its pilot program for social media to advisers in two to three weeks.

Macquarie will use the Actiance Socialite platform, which will capture all posts and hold them until they are reviewed by the compliance department. Seven Macquarie advisers are now testing the platform, said Silu Modi, vice president for digital marketing at Macquarie Private Wealth. They may use Twitter and LinkedIn, but not Facebook . Modi says the company expects to roll out the platform to all its advisers after the pilot test.

"High-net worth clients are already using social media tools to communicate with each other," he said, "so we're just walking in channels the clients are using."

The Investment Industry Regulatory Organization of Canada solicited recommendations from member firms and other institutions early this year.

Royal Bank of Canada 's (RY, RY.T) RBC Direct Investing unit didn't say whether it favored a rules-based or principle-based approach, but it urged IIROC to develop a regulatory guidance specifically addressing social media, going beyond existing rules related to advertisements, sales, literature and correspondence. The Canadian Foundation for Advancement of Investor Rights, or FAIR Canada, on the other hand, wants rules-based guidelines that would mandate firms to have pre-use and post-use approval processes, instead of giving firms discretion on how to supervise communications.

Evelyn Juan writes about financial advisers and their jobs, with a particular focus on news, trends, business strategies, organizational changes, and regulatory issues relevant to the retail brokerage sector in Canada.