

Macquarie makes move on social media

Toronto-based brokerage is putting significant efforts into the new technology in the wake of the new IIROC guidelines

BY CLARE O'HARA

WITH THE RELEASE OF Toronto-based Investment Industry Regulatory Organization of Canada's draft guidelines on social media last month, investment firms now have some direction on how to manage the process of their financial advisors joining the fast-paced online world of Facebook, Twitter and LinkedIn.

Toronto-based Macquarie Private Wealth Inc. is a step ahead with the formation of an in-house social media committee this past January. The committee's sole focus, says Silu Modi, vice president of digital marketing with Macquarie Banking and Financial Services Group, is "to understand the best way to get advisors out there and using social media channels, while keeping within the regulatory guidelines for Macquarie Private Wealth."

Until the IIROC guidelines came out, there was no clarity on what the regulatory environment was for financial services firms in using social media, Modi notes. For instance, there was no clear direction for executives on whether content posted on social media sites should be approved before or after the advisor posts it. Also, there was no guidance on the retention and archive processes.

Now, Modi says, Macquarie has a pretty good idea of what the guidelines are and can begin to form an in-house social media policy as well as start providing the

necessary tools to its advisors so that they can start using the various social media websites that are out there.

Modi, who joined the firm last April, brings a wealth of online media experience to his role. Over the past 15 years, he has held several senior roles that have focused on leading digital strategy and execution in the financial services industry, including being head of online services for President's Choice Financial and director of e-business with DundeeWealth Inc. (both based in Toronto).

"I am very passionate about social media in all aspects," says Modi, "but my biggest passion lies in how social media can work within the financial services industry."

IIROC's draft guidelines couldn't have come at a better time, he adds, as he was right in the midst of putting the firm's social media committee together.

"Even though the guidelines are drafts, they pretty much level the playing field for the financial advisory community in Canada," Modi says, "as well as provide a

framework that we have to stay within as we get our advisors to start using social media."

Although IIROC's draft guidelines do provide structure for firms, this is not the only thing that firms need to focus on when it comes to sites such as Facebook, Twitter and LinkedIn. Now that firms know they can use social media, the more interesting thing is how they train their advisors on how to use it, says Modi: "It's not so much about staying within regulatory standards, but it is also about how to get advisors out there in the best way without turning off their potential and existing clients."

Modi's committee plans to develop an in-depth training program that will not only look at regulatory issues but also show advisors how to use these tools to build their businesses and develop a brand while maintaining their reputation within the fi-

ancial services industry.

Currently, Macquarie does not have any financial advisors using social media for business purposes. The firm is taking the first step with the development of its social media policy. Once that is in place, Modi would like to launch a pilot project before opening the floor to all advisors.

Macquarie's social media committee consists of 11 people, including several senior people from the legal, compliance, information technology and marketing departments. In addition, the firm has ensured that the process will include a voice from its advisory base — two top advisors are on the committee, says Modi: "Investment advisors are an integral part of this project and will directly influence the policies that will ultimately be adopted at the firm."

Mike Newton, senior vice president and portfolio manager with Macquarie in Toronto, is one of the advisors on the committee. He says social media is not just a "head office" initiative, especially when the social media policies and practices that are adopted will directly impact front-line advisors and how they interact with clients daily.

"Macquarie is one of those firms that's taking a holistic view on how social media will affect the industry," says Newton. "By having a central voice in the decision-making process, I'm able to help shape how my colleagues in the field will be able to use these channels to form a digital relationship with our clients."

IIROC's draft guidelines state that as long as websites are adequately supervised and do not violate any regulatory or legislative requirements, dealer members and their representatives are permitted to use them to communicate with clients and the public for business purposes. This means that when it comes to compliance standards and record-keeping, it will be the firms' responsibility to ensure their advisors are staying on point.

"Any firm that wants to move forward with social media for its advisors, as per IIROC's draft guidelines, has to find a way to be



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Silu Modi, vice president of digital marketing with Macquarie Banking and Financial Services Group, has led the creation of Macquarie's social media committee.

able to monitor and retain this information," says Modi. "It is one of the biggest hurdles that any firm in Canada is going to have, because most of the social media channels either don't have long retention or it is very difficult to get the information out of the websites after the fact."

Macquarie's social media committee has started to look at what technical solutions are available for the firm in performing pre- and post-approval of advisors' social media content — as IIROC's draft guidelines stipulate — as well as for archiving and retention of online posts after the fact.

"The advantage we have," says Modi, "is that there are quite a few technology solutions out there that do provide this type of tracking. So, we are taking a look at a number of those to see which one fits our environment best."

One company that already provides such services to Canada's Big Five banks is Belmont, Calif.-based Actiance Inc. (formerly FaceTime Communications Inc.). Although the technology company hasn't had a surge of Canadian firms contacting it about its services since IIROC released its draft guidelines, Actiance has been working with several Canadian

clients since January 2010, when the Financial Industry Regulatory Authority in the U.S. released its social media guidelines.

"I think when Canadian firms realized that the regulations for Canada were eventually going to change as well, they decided to get a head start," says Sarah Carter, vice president of marketing with Actiance. "When you look at the IIROC [draft] regulation notice and guidelines, the language is very similar to that of the FINRA guidelines. And those Canadian firms that decided to look ahead and get started early are now thinking that was a pretty good idea."

Actiance executives are working with Canadian regulators on the guideline process and, along with dealer firms, are looking to contribute their thoughts and feedback during the 60-day comment period.

"It is important for a regulator to understand the technology capabilities of what can be done," says Carter. "One of the failings of FINRA being early with its guidelines is that it didn't know what could be done technically. With IIROC, it is welcoming commentary not just from member firms but also from technology companies as well." **IE**