

Financial Services Company Bridges Social Media Compliance Gap for Registered Investment Advisers (RIAs)

Challenge

- Continuously identify thousands of RIA social media accounts
- Supervise and archive 2.3 million annual RIA posts for SEC, FINRA and FFIEC compliance risk
- Avoid compliance audit failure or fines

Solution

Proofpoint SocialDiscover

Results

- Implemented best practice compliance program for handling RIA social media accounts
- Gained 13X increase in visibility of RIA accounts from 1,000 to 13,000
- 99.9% supervision reduction to cover all adviser messages
- Automatic archival of 2.3 million messages per year
- Passed SEC compliance audit review of handling RIA social media accounts

Dating back to the mid-1970s, this prominent financial services company has a long history of providing services that help middle market families get the protection they need to invest for the future and get out of debt. Taking a community-centric approach, the company primarily sells its services through more than 13,000 Registered Investment Advisers (RIAs) who act as independent representatives in providing local households with financial advice and insurance recommendations. Actively engaged with their local communities to offer their services, RIAs regularly turn to social media as a platform of choice to interact with new and existing clients.

As a regulated entity, it is important to the company that it adheres to SEC, FINRA and other regulations that govern how financial service firms communicate with the public. However, with RIAs engaging as non-company employees, it posed a compliance hurdle for the company to manage a solution for independently-owned social media accounts.

The Challenge

To navigate a solution to its RIA compliance challenge, the company initially implemented a social media enforcement application, which also supported archiving requirements, and asked RIAs to voluntarily install it on their accounts. However, less than one percent of the RIAs opted to install the application and the company had no way to force independent agents (i.e. non-employees) to do so. As a result, the team quickly found itself overwhelmed with efforts to manage account discovery and content auditing for the majority of RIAs that hadn't adopted the enforcement application.

For account discovery, the team conducted resource-intensive, manual searches to identify all RIA social accounts that promote the company's products and services. The process of combing through social accounts gave the team limited visibility—ultimately resulting in the discovery of only 10% of the company's total RIA social footprint.

The IT and compliance teams then regularly used a web scraping tool in an effort to supervise the content on the identified RIA social accounts. The process involved a tedious system of spreadsheets as well as endless man-hours combing through social posts to uncover violations that required follow up with the adviser. Given the inefficient process and limited visibility into RIA accounts, the company was concerned it was leaving the door open to possible SEC and FINRA policy violations and legal liabilities.

When the Securities and Exchange Commission (SEC) issued a [risk alert](#) that provided strong guidance for companies who sell through RIAs to evaluate the effectiveness of their social media compliance program, the company knew it was time to modernize its efforts.

The Solution

The company's CTO and marketing leadership joined forces on the search for a product that would allow the company to define and adopt a best practice approach to compliance for RIAs. Since RIAs are non-employees, it was a priority to find a solution

that didn't require RIAs to install an application on their personal accounts and that was transparent to its advisers. Without any reliance on RIA opt-ins, the solution needed to provide automated and continuous discovery of social accounts representing the company and communications supervision to ensure that what people were posting in social media met financial services regulations. It also needed to support data retention requirements by sending adviser messages to an archive.

Subsequently, the company selected Proofpoint SocialDiscover as the product of choice that met all their requirements and more. SocialDiscover automates social account search across all leading social networks and scans the content on those pages to alleviate acceptable use, compliance and security risks.

"We chose Proofpoint based on its simplified, scalable approach to enabling a best practice compliance program for our non-employee Registered Investment Advisers. I can't imagine achieving this level of compliance visibility without Proofpoint," said the CTO.

"We chose Proofpoint based on its simplified, scalable approach to enabling a best practice compliance program for our non-employee Registered Investment Advisers. I can't imagine achieving this level of compliance visibility without Proofpoint."

Company CTO

The Results

SocialDiscover's automated account discovery, content scanning and archiving support single-handedly revolutionized the company's social media compliance workflow. Instead of its previous labor-intensive process, automated account searches now provide the company with complete visibility into its thousands of investment adviser pages. While the team's original time intensive approach only uncovered 1,000 RIA accounts, SocialDiscover automatically identified more than 13,000 accounts, delivering critical visibility into the company's total social footprint. And, given the fluid nature of social media, the team receives weekly updates when SocialDiscover detects newly created RIA accounts.

Over the last year, Proofpoint automatically reviewed an average of 191,026 messages each month and applied its advanced natural language processing technology to extract the 212 high risk messages that required review by a compliance supervisor. Instead of facing the daunting task of reviewing 190,000+ messages per month, the team now only reviews 212 messages—a workload reduction of 99.9% to extend coverage to all adviser messages. In addition, with Proofpoint's compliance reports and dashboards the team can easily drill down and directly follow up with the RIAs to remediate any issues. And SocialDiscover's archiving support enables the company to easily meet regulatory data retention requirements by automatically sending all adviser messages to the corporate archive system.



The company was audited by the SEC following its adoption of SocialDiscover, which included a review of the company's social media compliance program. The team demonstrated their new, automated process enabled by SocialDiscover, including the ability to accurately discover RIA accounts associated with their brand, automatically supervise the content on those accounts and the turnkey process to follow up with due diligence. SocialDiscover allowed the company to easily pass the SEC audit by demonstrating a best practice compliance approach for handling non-employee-owned RIA accounts.

about proofpoint

Proofpoint Inc. (NASDAQ:PFPT) is a leading security-as-a-service provider that focuses on cloud-based solutions for threat protection, compliance, archiving & governance, and secure communications. Organizations around the world depend on Proofpoint's expertise, patented technologies and on-demand delivery system to protect against phishing, malware and spam, safeguard privacy, encrypt sensitive information, and archive and govern messages and critical enterprise information.

proofpoint[™]

892 Ross Drive
Sunnyvale, CA 94089

1.408.517.4710
www.proofpoint.com