

Client Alert

Current Issues Relevant to Our Clients

June 20, 2013

FINRA Sweep Examination on Social Media Communications

FINRA recently posted a targeted examination letter (a “sweep letter”) to its website related to social media communications. Broker-dealers that receive the sweep letter are required to provide certain information to FINRA relating to their use and supervision of social media communications. A copy of the sweep letter is available [here](#).

Among other information, the sweep letter requests:

- A descriptions of the firm’s social media communications and the business purposes of such communications;
- A list of all social media sites used by the firm, individuals within the firm who post to such sites and their dates of use;
- The firm’s written supervisory procedures concerning the production, approval and distribution of social media communications;
- A description of training, certifications, technology and other measures used to monitor compliance with the firm’s social media supervisory procedures; and
- A list of the firm’s top 20 producing registered representatives who used social media to interact with retail investors along with the types of social media used by each such representative and their sales and commissions during the reporting period.

Information gathered during sweep examinations is used to carry out investigations, focus examinations and pinpoint responses to emerging issues. Given FINRA’s recent prioritization of social media communications, firms should expect that this type of information may be requested in regular FINRA examinations. Broker-dealers should use this opportunity to review the adequacy of their firms’ policies and procedures relating to social media communications. FINRA has previously issued guidance on the use of social media communications available [here](#) and [here](#).

For More Information

For more information on any topic covered in this client alert, please contact any member of our Investment Management Group or visit us online at chapman.com.

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