

April, 2017

# SECURITIES ALERT

## SOCIAL MEDIA TIPS FOR REPORTING ISSUERS

### Results from a Canadian Securities Administrators (CSA) Review

Social media has emerged in recent years as a useful way for companies to connect with customers, shareholders and other stakeholders. The CSA recently reviewed reporting issuer disclosure on social media, including information posted on websites such as Facebook, Twitter, YouTube, LinkedIn, Instagram and GooglePlus as well as information posted on company websites, including on any message boards or blogs hosted on those websites. The CSA identified several key areas of concern.

**Selective or early disclosure when some investors receive material information through social media that was otherwise not yet generally disclosed.** There were a number of instances where issuers provided material forward-looking information on social media websites without ensuring that this information had been generally disclosed to all stakeholders.

**Lack of Coordination about the Timing of Social Media Announcements.** There were several instances where the issuer's disclosure on social media was released on social media in advance of the general disclosure on SEDAR or via news release. Weak social media disclosure controls and governance policies, combined with incorrect assessments that the information being disclosed initially on social media was not material, were often involved in the initial selective disclosure of information.

**Misleading or Untrue Statements Provided on Social Media.** Several instances were observed where the issuer's disclosure on social media was either untrue or promotional to such an extent that it could have misled investors. In several instances, issuers provided commentary or other information about their financial results on social media which did not appear to be consistent with or contained in their required continuous disclosure on SEDAR.

**Insufficient social media governance policies in place to support social media activity.** A significant number of issuers did not have policies, procedures or controls in place to ensure the high disclosure standards imposed on reporting issuers are met in the disclosure they provide on social media.

A strong social media governance policy should include consideration of the following:

- Who is authorized to post issuer information on social media?
- What type of social media sites (personal and corporate) can be used?
- What type of information about the issuer (financial, legal, operational, marketing, etc.) can be posted on social media?
- What approvals are required before issuer information can be posted on social media?



PERLEY-ROBERTSON,  
HILL & McDOUGALL LLP/s.r.l.

- Who is responsible for monitoring the issuer's social media accounts?
- What other guidelines and best practices should be followed?

Reporting issuers must be constantly alert to the securities reporting and disclosure obligations that their social media activities may trigger, even where these activities are not directly intended to communicate with investors. A sound social media governance policy is a good first step towards compliant disclosure practices.

*For more than 40 years, Perley-Robertson, Hill and McDougall has provided financing solutions to a wide variety of clients, including privately held companies, public companies, reporting issuers and companies listed on NASDAQ, the Toronto Stock Exchange, the TSX Venture Exchange and various OTC and private markets. In addition to providing advice on securities registration and compliance, we have completed venture capital funding transactions, debt and/or equity private placements, initial public offerings, prospectus offerings, capital pool company listings and qualifying transactions, reverse takeovers and limited partnership fundings. Whatever your financing requirements, we are confident we can find a cost efficient solution tailored to your needs.*

*Contact us today and speak with a member of our securities law team.*

<b>Mike Gerrior</b> <b>Head, Securities Law Group</b> <a href="mailto:mgerrior@perlaw.ca">mgerrior@perlaw.ca</a> +1.613.566.2813	<b>Rob Kinghan</b> <b>Partner</b> <a href="mailto:rkinghan@perlaw.ca">rkinghan@perlaw.ca</a> +1.613.566.2848
<b>Tim McCunn</b> <b>Partner</b> <a href="mailto:tmccunn@perlaw.ca">tmccunn@perlaw.ca</a> +1.613.566.2831	<b>Dirk Bouwer</b> <b>Partner</b> <a href="mailto:dbouwer@perlaw.ca">dbouwer@perlaw.ca</a> +1.613.566.2850
<b>Dave Lowdon</b> <b>Lawyer</b> <a href="mailto:djlowdon@perlaw.ca">djlowdon@perlaw.ca</a> +1.613.566.2809	<b>Conor Cronin</b> <b>Lawyer</b> <a href="mailto:ccronin@perlaw.ca">ccronin@perlaw.ca</a> +1.613.566.2155
<b>Phil Aubry</b> <b>Lawyer</b> <a href="mailto:paubry@perlaw.ca">paubry@perlaw.ca</a> +1.613.566.2746	<b>Sue Kavanagh</b> <b>Manager, Corporate Services</b> <a href="mailto:skavanagh@perlaw.ca">skavanagh@perlaw.ca</a> +1.613.566.2824