

MEMO# 31981

September 27, 2019

FINRA Issues Guidance on Disclosure Innovation

[31981]

September 27, 2019 TO: ICI Members SUBJECTS: Advertising
Compliance
Disclosure
Distribution
Investment Advisers RE: FINRA Issues Guidance on Disclosure Innovation

FINRA has issued a Regulatory Notice with guidance on disclosure innovations in advertising.[\[1\]](#)

FINRA has addressed the subject of electronic communications and social media on at least three prior occasions.[\[2\]](#) This Notice notes that “technology continues to transform media,” and FINRA encourages firms “to consider which ways will best convey relevant information to investors.” In Q&A format, FINRA responds to member questions about making electronic disclosures more compelling, including by:

- Using innovative design techniques in member communications;
- Focusing on relevant information, rather than “rote or prescriptive boilerplate;”
- Determining when information about risks and costs is necessary;
- Integrating key messages in the body of a communication, rather than in footnotes, hedge clauses, or disclaimers; and
- Differentiating between promotional (e.g., product-specific) and non-promotional (e.g., educational) materials in determining the amount of necessary disclosure.

FINRA states that this latest guidance is not intended to change the existing interpretations or applications of its communications rules.

Matthew Thornton
Assistant General Counsel

endnotes

[\[1\]](#) *Disclosure Innovations in Advertising and Other Communications with the Public*, FINRA

Regulatory Notice 19-31 (September 2019) (the “Notice”), available at www.finra.org/sites/default/files/2019-09/Regulatory-Notice-19-31.pdf.

[2] *Guidance on Social Networking Websites and Business Communications*, FINRA Regulatory Notice 17-18 (April 2017), available at www.finra.org/sites/default/files/notice_doc_file_ref/Regulatory-Notice-17-18.pdf; *Guidance on Social Networking Websites and Business Communications*, FINRA Regulatory Notice 11-39 (August 2011), available at www.finra.org/sites/default/files/NoticeDocument/p124186.pdf; and *Guidance on Blogs and Social Networking Web Sites*, FINRA Regulatory Notice 10-06 (January 2010), available at www.finra.org/sites/default/files/NoticeDocument/p120779.pdf.

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