



# Grow new business with testimonials and endorsements

Advisors have long been prohibited from using testimonials in their advertising, but this changed in December 2020, when the SEC announced an update to its decades-old rules about investment advisor marketing (see Sidebar).

Under the SEC’s “Modernized Marketing Rule,” endorsements and other testimonials written about advisors and shared publicly by the advisor via social media are treated as advertisements, with firms required to comply with the new rule by November 2022.

In a social world driven by likes, comments and shares, testimonials and endorsements are critical tools in an advisor’s marketing toolkit. For both prospective and current clients, testimonials increase credibility and inspire trust and confidence; endorsements help position and clarify relevant financial skills and expertise.

Most importantly, the emotional resonance driven by testimonials and endorsements translates to real-world dollars and cents:

- Websites with testimonials see a 45% increase in traffic compared to those who didn’t and can even increase conversions on sales pages by 34%.
- Prospective clients are influenced by—and respond to—positive reviews; 72% of consumers will take action only after reading a positive review.

## OVERVIEW OF THE MODERNIZED MARKETING RULE

On December 22nd, 2020, the SEC finalized the Modernized Marketing Rule, culminating a monumental shift in the way they will view advertisements and solicitations by investment advisers going forward.

Since then, most of the updates to the interpretation of these rules have been made through “No-Action” letters.

**In finalizing the Marketing Rule, the SEC has set up a framework by which it will mostly supersede preceding guidelines to create a more comprehensive rule that includes updates to many of the interpretations to align with more modern, digital practices.**

The new rule – aimed at simplifying and harmonizing guidelines – provides a unified solicitation and advertisement rule under a single regulatory framework for anyone subject to the SEC’s jurisdiction.

# Securing testimonials and endorsements

- **Target the right time for the request.** As they say, timing is everything. Advisors can ask for a testimonial at an annual review meeting, when the past year's progress is top of mind and easy to recall. Other natural check-ins might be after you've worked with a client for a number of years, helped them achieve a critical short-term or long-term plan, or perhaps after you've received a new referral from them.
- **Help your customers help you.** Instead of simply requesting a review, advisors should ask helpful, specific questions that are tailored to the client, like "What financial goals and results have you achieved since we've worked together? How have these results improved your peace of mind as you transition into retirement?"
- **Make the submission process easy.** Clients lead busy lives. Advisors can simplify and streamline the submission process by adding a form link to text or email signatures, and limiting the number of prompts or questions. If they have an individual website, they can also include a call-to-action within the navigation bar, so the request is ubiquitous and easy to find.

---

Including endorsements and testimonials on advisor profiles demonstrates credibility and uniqueness to potential clients, while inspiring client trust.

## GETTING STARTED FROM A COMPLIANCE PERSPECTIVE

Implementing new functionality can be daunting from a compliance perspective—since new policies and procedures, updated controls and regular testing must be considered.

But Hearsay's in-house compliance team has outlined a few first steps towards a fully compliant program that permits advisors to leverage T&Es while still adhering to their regulatory obligations.

### Lay the foundation

- Create a policy that defines how and when T&Es can be used
- Ensure your supervision technology can support that policy

### Identify and monitor

- Capture, supervise, and archive the fields specific to testimonials and endorsements, and disclose them appropriately

### Keep an eye out

- Adjust lexicons to look for solicitations for T&Es
- Consider requiring attestations in annual questionnaires

# How Hearsay helps

The finalized Marketing Rule is expansive, but at Hearsay, we've distilled it to four of the most salient updates for our programs, based on the potential implications for client engagement moving forward.

With deployed supervision coverage for LinkedIn Recommendations and Skills, and Facebook Reviews and Ratings fields, your teams can now use testimonials and endorsements to enhance authenticity and personal branding, while inspiring client trust and confidence.

Specifically, Hearsay Social captures:

- **The text of LinkedIn “inbound” recommendations (i.e., recommendations written about Hearsay users)** when they are published by the Hearsay user. It passes them to the archive and creates alerts for administrative compliance review. These inbound recommendations are recorded as part of the Profile.
- **The text of outbound LinkedIn recommendation requests made by Hearsay users** (e.g., “Could you please write me a recommendation...”) when the request is made. It passes them to the archive and creates alerts for review. These requests are recorded as Direct Messages.
- **LinkedIn skills added by the Hearsay user**, passes them to the archive, and creates alerts for review. Skills are recorded as part of the Profile.
- **Facebook ratings/reviews posted to Hearsay users’ pages**, passes them to the archive, and creates alerts for review. Ratings/reviews are recorded as Activities.

To learn more about how Hearsay can help you compliantly enable testimonials and endorsements by the November 2022 deadline, reach out to [compliance@hearsaycorp.com](mailto:compliance@hearsaycorp.com).

Hearsay Compliance is available to offer best practices to help your firm comply with the new Marketing Rule.

Find out how Hearsay can help your advisors and agents, contact us at:

**VISIT** [hearsaysystems.com](https://hearsaysystems.com)

**EMAIL** [contact@hearsaysystems.com](mailto:contact@hearsaysystems.com)

**CALL** +1 844-556-4396

## ABOUT HEARSAY SYSTEMS

Hearsay Systems is reinventing the human-client experience in financial services. The Hearsay Client Engagement Platform empowers over 200,000 advisers and agents to authentically and intelligently grow business relationships by proactively guiding and capturing the last mile of digital communications. The world's leading financial firms—including Allstate, New York Life, Morgan Stanley, and Charles Schwab—rely on Hearsay's SaaS platform to scale their reach, optimise sales engagements, and deliver exceptional client service in a consistent and compliant manner. Hearsay is headquartered in San Francisco, with globally distributed teams throughout North America, Europe and Asia.

Connect with us on [Facebook](#), [Twitter](#), [LinkedIn](#) and the [Hearsay blog](#).

