

KEEPING FINANCIAL INSTITUTIONS AHEAD OF ELECTRONIC RECORDKEEPING REGULATIONS



Finance, operations, IT, compliance, and other risk managers are increasingly turning to technology to navigate an ever-changing regulatory landscape.

The frequent introduction of new amendments and evolving regulations have managers focused on their financial institution's exposure to costly liabilities.

Monitoring employee behavior, catching unforeseen mistakes, and keeping up with developing compliance standards leaves financial institutions in a vulnerable position. Add company policies, a complicated tech stack, and client preference to the mix and it is a recipe for an SEC and FINRA compliance violation.

This white paper aims to arm financial institutions with the knowledge, insights, and technology that address their critical needs.

The following sections will focus on:

Two regulatory bodies at play

Three electronic recordkeeping regulations and their requirements

The consequences of non-compliance

An automated solution to electronic communication recordkeeping for customer-facing, IT, and compliance teams

TWO KEY REGULATORY BODIES

There are two key regulatory bodies that oversee the electronic recordkeeping regulations discussed in this whitepaper—the Security Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA). This section breaks down their responsibility, authority level, and registered positions.

Security Exchange Commission

The SEC is a federal agency established by Congress. They oversee the US securities markets and regulate investment advisers, broker-dealers, and other market participants.

The SEC exercises broad regulatory and enforcement authority. The SEC also includes cooperating and sharing information with other regulatory authorities including FINRA, the OCC, and the Commodities Futures Trading Commission to protect investors and maintain market authority. **Information-sharing includes:**

Examinations

Enforcement actions

Emerging trends

Financial Industry Regulatory Authority

FINRA is a self-regulatory organization authorized by Congress and overseen by the SEC. FINRA oversees US brokerage firms and individually registered representatives.

FINRA can also create and enforce rules specific to brokerages—if those rules don't conflict with the SEC's regulations. Authority-wise, FINRA can examine and take disciplinary action against representatives and firms for violation of its rules.

FINRA works in tandem with the SEC on [regulations](#) impacting US broker-dealers. The SEC also reviews and approves FINRA's budget, rules, procedures, operations, and changes.

ELECTRONIC RECORDKEEPING REGULATIONS

Let's highlight three key policies in the compliance space—the **Securities Exchange Act**, the **Investment Advisers Act**, and **FINRA Rule 4511**. Each section covers which group is regulated and the core elements.

Securities Exchange Act

Electronic recordkeeping under the **Securities Exchange Act (SEA) [Rule 17a-4](#)** refers to the storage and maintenance of business records in an electronic format. The goal is to ensure the integrity, accessibility, and preservation of electronic records that pertain to security activities and transactions.

Five core components of the SEC electronic recordkeeping regulatory requirements

Maintenance of records: Creation and maintenance of electronic forms, digital documents, or databases that provide records related to securities transactions, financial statements, and other activities.

Accessibility and retrieval: The ability to access and retrieve electronic records promptly upon request. This also refers to the appropriate systems and procedures a financial institution implements to maintain the electronic records.

Security and preservation: Storage, protection, and retention measures to preserve records for potential audits, investigations, or legal proceedings.

Audit trails: Capturing and preserving audit trails associated with electronic records. Audit trails are a time-stamped complete record that includes modifications, deletions, date and time of actions, and identity of the individual(s) modifying the document.

Compliance and recordkeeping policies:

The establishment and enforcement of compliance policies and procedures to meet regulatory requirements—including documenting recordkeeping policies, employee training on recordkeeping practices, and conducting periodic reviews or audits to ensure regulation adherence.

Investment Advisers Act

The [Investment Advisers Act of 1940 \(IAA\)](#) regulates investment advisers. Advisers registered with the SEC are required to make and keep records related to its business—including communications conveyed electronically. The IAA rules forth requirements of electronic recordkeeping.

Five core components of the IAA electronic recordkeeping regulatory requirements

Preservation of records: Client agreements, transaction records, and correspondence that are preserved and accessible in electronic format.

Duration of recordkeeping: Investment advisers must maintain and retain records for at least five years from the end of the fiscal year in which it was created.

Safeguard original records: Authenticity, reliability, and accuracy of the electronic records. This can also include security measures to prevent unauthorized alteration or deletion of the records.

Accessibility and retrieval: Systems and processes in place to locate and retrieve specific records when needed.

Examination and inspection: The ability to immediately provide electronic records for examination and inspection by the SEC.

FINRA Rule 4511

[FINRA Rule 4511](#) requires FINRA members to make and preserve books and records as required by FINRA, the SEA and applicable SEA rules, and preserve those books and records in a format and media that complies with SEA Rule 17a-4.

Six core components of FINRA Rule 4511's electronic recordkeeping regulatory requirements

Record retention: Brokerage firms must retain customer account information, trade confirmations, account statements, and communications related to business activities for the specified retention period, and for at least six years for records that have no specified retention period.

Data integrity and security: Measures implemented to prevent unauthorized access, data loss, or tampering of electronic records—including but not limited to encryption and secure backup systems.

Accessibility and retrieval: Organization, indexing, and retrievability of electronic records for regulators, auditors, or as part of legal proceedings.

Supervision and review: Processes in place to supervise and review email or instant message electronic communication.

Business continuity: Contingency plans in case disasters or system failures impact the availability or integrity of electronic records—can include backup systems, disaster recovery strategies, and regular testing.

Record format: Formats that are accurately reproduced and retained throughout the required six-year retention period. Must be readable and unaltered regardless of technology.

REGULATORY REQUIREMENT CHALLENGES

It's a challenging task to find the right balance between meeting the communication needs of customer-facing teams and adhering to regulations required by compliance teams.

Compliance requirements are difficult to understand—leading to errors and non-compliance.

Here are several consequences financial institutions face if they are not compliant:

- Regulatory investigations and enforcement actions
- Civil penalties and monetary fines
- Legal proceedings and criminal charges
- Remedial actions and injunctions
- Reputational damage and lowered investor confidence
- Civil lawsuits (by affected parties)

T-MOBILE® MULTILINE: CARRIER-AGNOSTIC. CLOUD-BASED. REGULATION COMPLIANT.

Adapt quickly and meet customer and regulatory needs with T-Mobile MultiLine. MultiLine is the only carrier-agnostic cloud-based solution for electronic communications recordkeeping in Financial Services—compliant with SEC and FINRA requirements.

The MultiLine app enables messaging and voice calling on a mobile phone and desktop. Here are five ways this solution can add value to financial institutions:

- 1 Automate compliance in mobile communications internationally**
- 2 Safeguard and manage B2B/B2C communications**
- 3 Maintain continuity of service and client preference within one app**
- 4 Reduce business risk with workforce changes**
- 5 Remain compliant with changing FINRA and SEC regulations**

BENEFITS FOR CUSTOMER-FACING TEAMS

Customer-facing teams need to monitor touchpoints across channels, ensure customer continuity, delegate relationship management resources to drive business results, and balance workforce changes that pose business risks. **This is how MultiLine solves that.**

Client call and text communications

MultiLine is deployed as an app on any iOS or Android device. Advisers can maintain seamless client relationships on the client's preferred channels—with gap-free compliance across voice, text, WhatsApp, and more.

Customer touchpoint records and continuity of service

Customer-facing teams can deliver the same continuity of service with a dedicated number centrally managed by the organization. The beauty of MultiLine is that it's carrier agnostic—meaning there's seamless service regardless of the employees' phone providers with no requirement for an additional SIM card. **Employees can access the following to get in touch quickly.**

Exchange contacts

Native contacts

Local contacts

Mobile voice and text recording helps customer-facing teams train, log billable hours, and execute dispute resolution. Additionally, MultiLine integrates with Salesforce CRM. This optional integration allows users to record customer communications in the account management record.

Connectivity for employees on-the-go

Employees can maintain connectivity in the field with carrier-grade voice, data, and Wi-Fi calling. Notifications will continue to be delivered in the background without refreshing the app to receive texts and calls—unlike other mobile services with text and call recording.

Don't stress about missing calls and text—MultiLine runs in the background so employees can move forward seamlessly.

BENEFITS FOR IT TEAMS

IT teams need to ensure reliable coverage of communications technology and have their new solutions integrate with their existing management, archival, and security tools. Check out how MultiLine gets the job done.

Communication management for remote and in-the-field teams

When onboarding or updating employees' devices, IT teams can quickly scale compliant communications with an app that is installed in minutes. This app is compatible with the employees' own or company-provided devices. For finer control, IT Administrators can leverage rapid provisioning, compliance management, and reporting tools.

Text capture from customer communications and CRM integration

MultiLine lets organizations produce searchable, consolidated mobile recordings and easy data discovery. Additional archival and CRM integrations support text messages and voice calls while existing mobile device management (MDM) solutions provide streamlined deployment. This app is compatible with the Actian, ASC, Verba, Nice, Verint, and Redbox archival platforms. MultiLine is also compatible with Blackberry and Microsoft Intune MDM solutions.

BENEFITS FOR COMPLIANCE TEAMS

Compliance teams need to prepare the organization for regulatory reporting, lower the risk of potential costly fines, secure and redact personally identifiable information (PII), and monitor for unethical business practices. MultiLine can meet these needs and more.

Maintaining a balance of regulatory compliance and free-flow communication

The MultiLine app is a safeguarded platform that helps protect sensitive communications and client data. This app offers automatic blocking and redaction of sensitive information—lessening the burden of data stewardship for end users that can tailor to individual business needs.

Messaging within the app is end-to-end encrypted and supports PII redaction. This includes text redaction that integrates with WhatsApp.

Stay prepared for on-premises and offline employee communications audit

MultiLine enables businesses to support workers on the go through carrier-grade voice, data, and Wi-Fi calling. Simultaneously, this app produces consolidated message and voice call recordings that are transferred to supported archival providers.

WHERE IT'S WORKED

We're proud to help 7 of the top 10 US financial institutions automate compliance with SEC and FINRA regulations—here is one of their stories.

The problem

The SEC fined a global financial institution a \$125 million fine for failing to comply with electronic communications record-keeping regulations. As a result, this institution wanted to automate compliance with an easy-to-deploy solution.

The solution

This institution leveraged MultiLine for employee devices and corporate-liable phones. The goal was targeted at automating electronic record-keeping compliance for customer-facing employees. Our app stood out since they needed a solution that was:

- **Cloud-based and carrier-agnostic**
- **Single app for all compliance communications features (voice, SMS capture)**
- **Integration with WhatsApp**
- **Able to implement at-scale**

The outcome

Our solution resulted in 8,000 lines added—comprising of 58% of the institution's US employees. Ultimately, MultiLine helped them achieve their goal of compliance with electronic record-keeping regulations—reducing the risk of future fines.

THE T-MOBILE DIFFERENCE

Bottom line: We help enterprise financial institutions solve common compliance challenges—including electronic recordkeeping, PII redaction, and simplified corporate liable plans and device options.

For customer-facing teams

- Seamless call and text communications
- Documented customer touchpoints and CRM integration
- High-quality connectivity for employees on-the-go

For IT teams

- Remote and in-field team communication management
- Customer communications text capture and recordings
- BYOD enabled

For compliance teams

- Balance of free-flow and regulatory compliance communication
- Prepared for on-premises and offline communications audits

T-MOBILE FOR BUSINESS KEY DIFFERENTIATORS

We pride ourselves on our legacy of firsts when it comes to 5G coverage, complimentary experts, and no contracts. Here are some additional features financial institutions like yours found helpful while balancing compliance efforts with client communications and continuity:

- **America's largest and fastest 5G network:**

We have the most coverage on America's roads versus AT&T and Verizon.

- **Flexible network options:**

Choose an option based on your business needs.

- **Network Pass:** 90 days, unlimited data. Use your device and try our data network via eSim.

- **Network 360:** 30+ days or custom duration. Try our device and network before you buy. Includes 100+ lines with hot spots and routers.

- **Dedicated solutions engagement team:**

You'll collaborate with exceptional experts from the initial engagement through ongoing operations to set your business up for success—all without the extra professional service fees.

Fastest based on median, overall combined 5G speeds according to analysis by Ookla® of Speedtest Intelligence® data for Q2 2023. See 5G device, coverage, & access details at T-Mobile.com. Network Pass: Eligible for users not already on the T-Mobile network; 1 trial per user. Compatible unlocked device req'd. Limited-time offer; subject to change. 5G device req'd to access 5G network. Data available for 3 monthly cycles for approximately 90 days. During congestion, customers on this plan using >50GB/mo. may notice reduced speeds until next monthly cycle due to data prioritization. Video typically streams on smartphone/tablet in SD quality.

Discover how T-Mobile for Business can help your financial institution maintain compliance and keep your customer relationships thriving with MultiLine.

[Learn More](#)