

IR UPDATE WEEKLY

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Investor Relations – A Team Sport in the Social Media Age

"This matter reaffirms an important principle embodied in our disclosure-based federal securities laws. Specifically, when companies and corporate insiders make statements, they must act responsibly, including endeavoring to ensure the statements are not false or misleading and do not omit information a reasonable investor would consider important in making an investment decision." – [Jay Clayton, Chairman, Securities and Exchange Commission, September 29, 2018](#)

The SEC enforcement lawsuit and [settlement](#) with Tesla Inc. and CEO Elon Musk illustrate the importance of having a robust IR function that works closely with corporate counsel to oversee corporate disclosures (including a CEO's social media postings). This case also reinforces the reality that investor relations is an interdisciplinary team activity and not just the job of IR practitioners.

Leading and coaching that team is made more challenging due to the increasing use of social media. Social media beckons CEOs with its easy audience access, unencumbered by bureaucratic process, and lacking pesky intermediaries who ask picky, uncomfortable questions (as corporate counsel and IR professionals are wont to do).

IR professionals know that in April 2013, the SEC [announced](#) (in a report of investigation into a Facebook post by Netflix CEO Reed Hastings) that social media postings are subject to Regulation Fair Disclosure and that companies must give notice to investors if they (or their executives) plan to use social media to communicate material information. (Tesla gave notice in November 2013 that investors should follow Elon Musk's Twitter account). This latest case will remind CEOs with itchy Twitter fingers that social media postings can get them in deep trouble with the SEC -- even if intended as a joke.

Detailed guidance on social media and disclosure concerns can be found in NIRI's *Standards of Practice for Investor Relations: Disclosure* (see pp. 49-53), which can be found on the NIRI [website](#).

And while social media is mentioned, it wasn't the focus of this recent article in NIRI's *IR Update* magazine, "[When CEOs Go Rogue](#)," but it seemed timely to mention here.

Keeping the corporate team aligned and playing within the rules is among the toughest tasks for the IR practitioner. It is also one of the reasons that IR professionals must engage effectively within the C-suite and be respected as senior, strategic executives. The stakes are higher than ever in our hyper-connected world.

All the best,
Gary



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P.S. If you haven't done so, please [login](#) into the NIRI site (and go to "online surveys") to vote for the new Board Chair-Elect and directors by November 15.