

# Interns, Interns Everywhere!

June 13, 2019



As classes let out for that glorious summer break, it is common for financial services firms to take on students as interns. The experience can be highly rewarding for both the intern and the employer; however, there are some compliance considerations to keep in mind as you welcome your summer help into the office.

## **1. Means of Communication**

It can be tempting to allow a short-term employee to use his or her own personal email to correspond with the rest of the staff, but doing so is inadvisable. A strong Compliance Policies and Procedures Manual will have a policy that addresses electronic communications and will generally prohibit the use of public email services (such as Hotmail or Gmail) for any business purpose. Additionally, email communications with clients are a required record under the Books and Records Rule (Rule 204-2 of the Investment Advisers Act of 1940). Permitting an intern to communicate via an outside email domain would expose the firm to gaps in its archiving of required books and records and prevent the firm from properly supervising the intern.

Also, consider discussing with the intern their personal use of social media

and reviewing the firm's Social Media Policy. Make clear what can and cannot be posted on social media regarding their engagement with your firm. The odds are high that you will learn about a new platform you've never heard of and can sound hip with the kids at that July family BBQ!

## **2. Access Permissions**

In the SEC's August 2017 Risk Alert on [Observations from Cybersecurity Examinations](#), the SEC included access rights and the way in which they are managed as one of six key areas of review. If the nature of the work you will task to the intern is limited, for example, administrative only, consider establishing the user with more restricted access permissions within your company systems and network. Limiting the intern's access can limit your exposure to risk and demonstrates to a regulator that you take cybersecurity and privacy matters seriously.

## **3. Reporting Requirements**

New hire on-boarding can be administratively cumbersome, and young students are often seen as harmless with minimal conflicts of interest. As a result, you may find yourself wondering whether you *really* need to treat an intern as an Access Person and collect initial reports on beneficial interest brokerage accounts and holdings. Though it is unlikely that the intern will be offering direct investment advice to clients, if the intern will have access to nonpublic information regarding any client purchases or sales of securities, or have access to such recommendations that are nonpublic, you should treat the intern as an Access Person. That means collecting initial holdings information within ten days of their start in the office and including them in oversight, which will include reporting and review of securities transactions for the period during which they serve as an intern.

Bringing in extra hands and fresh minds can be a great way for a firm to make gains on project-based work and to provide young talent with exposure to an area of the business he/she may be interested in pursuing after graduation.

What more authentic way to introduce them to the real world than to give them the full "Compliance" experience!

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