



2021 DIVERSITY, EQUITY & INCLUSION REPORT

ELEVATING OUR IMPACT

FINRA[®]

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LETTER FROM OUR CEO

We are pleased to share our 2021 Diversity, Equity and Inclusion Annual Report, which describes the steps FINRA is taking to promote greater DEI in our organization, our industry and our communities. Publishing this Annual Report—the second year we have done so—underscores our continuing commitment to being transparent about our DEI journey and promoting broader discussion and learning around DEI issues.

The report highlights the DEI efforts undertaken as part of our day-to-day work as well as through a range of special initiatives—such as our Annual Diversity Leadership Summit, our investor education programs that help underrepresented groups participate in the financial markets and our Racial Justice Task Force—among many other programs and activities.

Fostering a culture that promotes diversity, equity and inclusion requires support and engagement from across our organization. We are proud and grateful for the ongoing commitment of time and resources this work entails from our Board of Governors, senior leaders and employees throughout FINRA. We look forward to continuing to share our experiences, and to learning from others, as we seek to do our part to advance DEI in the financial services industry.

Robert Cook,
Chairman and CEO

LETTER FROM OUR CHIEF DIVERSITY OFFICER

Looking back on 2021, I am inspired by the commitment of FINRA leadership and staff to design and implement DEI-focused programs that support our goal to foster inclusion across the financial services industry. These efforts, highlighted in the following report, build on FINRA's 12-year history of formal diversity and inclusion programming, and allow us to positively influence full market participation through diversity, equity and inclusion strategies, and meet the evolving and emerging needs of our communities, industry and workforce.

Some of these programs have won us recognition and support from our stakeholders. While we are proud that we have received awards and recognition for our employee-focused programs—including earning a top score of 100 in the 2021 Human Rights Campaign Corporate Equality Index for the seventh year in a row and being recognized for the first time as a Leading Disability Employer by the National Organization on Disability—we fully recognize that there is always more work to be done.

This includes talking more broadly—and more importantly, intentionally thinking—about our work in this space as diversity, **equity** and inclusion. To that end, in 2021, we formally introduced “equity” into our organization’s lexicon. We provided education and experiences

for our 3,600-plus employees that highlighted a required emphasis on building fair and just practices and policies that allow all stakeholders to thrive.

In addition, we again hosted bold, courageous conversations at our FINRA Annual Conference Diversity Luncheon and Diversity Leadership Summit events that focused on how discrimination, inequality and racism continue to impact our industry and the communities we serve. We hosted speakers from academia, government and a number of industries, providing opportunities for the more than 1,000 attendees from member firms to learn strategies to elevate their ability to influence inclusion in our industry.

Looking ahead, we know our task is to continue to thoughtfully leverage key learnings both from our experiences here at FINRA and from the positive efforts of our colleagues across the financial services industry to collaboratively elevate our inclusion impact.

With Gratitude and Optimism,

Audria Lee,
Vice President Talent Acquisition and
Chief Diversity Officer



Elevating Our Voice: Advancing Racial Justice

In July 2020, following a spate of violent acts against members of Black communities and social justice protests in multiple cities across the country, FINRA formed the Racial Justice Task Force (RJTF) to provide an opportunity for FINRA to reflect on and take action toward achieving meaningful, sustained progress in the fight against racism and prejudice within our organization, industry and communities. FINRA's RJTF got to work quickly, developing an action plan that aligned with the goals set by our Board of Governors:

- » further enhance FINRA's longstanding initiatives to pursue our mission with a diverse and inclusive workforce that represents all of society;
- » expand our efforts to promote the financial capability of minority communities; and
- » work collaboratively to promote greater diversity and inclusion across the industry, with the goal of better engaging traditionally underinvested communities and representing the needs of all investors.

In the spirit of inclusivity, the RJTF solicited employee ideas—also known as “seeds for change”—that address FINRA's DEI programs for employees, increase opportunities for

meaningful engagement of people of color in all aspects of FINRA's governance and the financial services industry, and empower communities of color to fully participate in financial markets and enhance financial capability. We received more than 70 ideas from employees. Nearly two years into that process, we have made meaningful change in our workforce, industry and community programs, and we continue to assess new initiatives to help level the playing field for diverse and underserved members of our communities.

LEADERSHIP

Beacon Statement: FINRA publicly affirmed that we take a strong stance against racism and discrimination via our “Beacon Statement” and public disclosure of steps we are taking to advance racial justice.

CULTURE

Juneteenth: FINRA committed to observe and increase employee understanding of Juneteenth.

INCLUSION

Diversity Training: Building on ongoing DEI education and programming, we continue to holistically review our education courses to ensure that employee and industry learning programs are relevant and include diverse names and characters who better represent our workforce and communities.



Rainia Washington

Executive Vice President & Chief
Human Resources Officer



“The Racial Justice Task Force is not only an opportunity for FINRA to be “loud” about our commitment to advancing racial justice, but lets FINRA lead by example, with the goal of inspiring other organizations to follow suit with their own public expressions of support. The task force has executed on initiatives that drive measurable and sustainable impact and help bring us closer to the bigger changes we all want to see.”

RECRUITMENT

Enforcement Associates Honors Program:

In January 2021, FINRA launched and began marketing to diverse groups of students and clerks a program that provides third-year law students and attorneys concluding judicial clerkships the opportunity to join FINRA in a full-time capacity. Participants develop specialized knowledge of the financial industry and securities laws by working with various groups across FINRA's Enforcement team.

REPRESENTATION

Diversity Advisory Committee: FINRA is establishing a formal Industry Diversity Advisory Committee responsible for providing guidance to FINRA and our broker-dealer members on enhancing DEI across the financial services industry.

Diversity and Inclusion Request for Comment:

FINRA sought comments from industry members and stakeholders on any aspects of our rules, operations and administrative processes that may create unintended barriers to greater diversity and inclusion in the broker-dealer industry or that might have unintended disparate impacts on those within the industry. We are evaluating the comments and have already taken steps to reduce barriers to entry and facilitate competition in the corporate debt underwriting market.

FINANCIAL INCLUSION

Financial Inclusion Framework: The FINRA Investor Education Foundation adopted a Financial Inclusion Framework, which aims to create new understanding and relationships that address systemic wealth disparities and lead to better outcomes for communities of color and underserved communities. The three core elements of the Framework are:

- » Communications: Convene thought leaders to foster credibility, cultivate potential partnerships and leverage collective impact;
- » Education: Enhance financial capability by investing in tools, platforms, and community-based initiatives; and
- » Research: Expand diversity and inclusion among financial capability researchers and the topics leading the research agenda.

Dissertation Completion Fellowship:

The FINRA Foundation also developed and launched a Dissertation Completion Fellowship program that seeks to expand the pipeline of researchers from racial and ethnic backgrounds whose underrepresentation in the U.S. professoriate has been severe and longstanding. The program supports doctoral candidates pursuing dissertation research on topics related to financial capability; investor protection; expanding

access to financial services and the capital markets; and understanding the systemic barriers to financial inclusion underserved communities and communities of color experience.



Gerri Walsh
President, FINRA Foundation



“A commitment to building financial capability—especially inclusive financial capability—really requires a commitment to racial, gender and socioeconomic justice.”

Elevating Our Workplace: Expanding Representation

FINRA's diversity—meaning our backgrounds, education, cultures, thinking styles and unique perspectives—is a driving force behind our ability to effectively carry out our mission of investor protection and market integrity. We've taken important steps over the last year to leverage our successes in building an inclusive culture, including an initiative to regularly use more inclusive language in our training materials.

Increasing the diversity of our workforce through targeted recruiting and development opportunities remains a key goal of our DEI initiatives. We continue to broaden our approach for recruiting new talent and expanding our pool of applicants. In 2021, we introduced The Enforcement Honors Program, designed to hire recent law school graduates who share our passion for FINRA's mission of investor protection and market integrity. Honors Associates work closely with

FINRA attorneys and investigators to develop specialized knowledge of the financial industry and securities laws and gain substantive experience in investigating, litigating, writing and other legal skills.

FINRA's Employee Resource Groups (ERGs)—an integral part of our DEI program—also play a key role in our recruitment program. In 2021, several ERGs participated in recruiting outreach events at universities, including Historically Black Colleges and Universities (HBCUs), and professional organization conferences. FLAN—the FINRA Latino Affinity Network—developed the Seeing is Believing program to connect with and inspire youth in local communities. The program's goal is to give young people opportunities to interact with financial industry professionals who look like them and learn about their personal and professional experiences.

We are also focused on retention and providing opportunities for employees to grow and thrive, and we offer formal mentoring programs and a network of ERGs to help us achieve these goals. FINRA's ERGs also make a significant contribution to FINRA's efforts to promote an inclusive culture and increase employee engagement. Nearly half of our employees



"I first became focused on issues of racial and social justice when I began practicing law in Dallas, Texas. Over a period of time, the various associations I was involved with took steps to provide a seat at the table for underrepresented communities on various boards of directors. We also worked on offering practice support; mentoring, clerkship and employment opportunities; and pipeline development initiatives to support law school students, college students, and high school students from disadvantaged communities. It was in working through those efforts over the years that I saw how change was possible, and I also observed that it requires sustained efforts and determination."

Tim Mountz
Member, RJTF



belong to one or more of our 10 ERGs. In 2021, our 10 ERGs collectively hosted more than 100 professional development events, including a Women’s History Month panel discussion with FINRA Board members, an event celebrating and commemorating Juneteenth, as well as a panel discussion on the professional and personal experiences of Asian professionals.

Diversity awareness training and education is a core part of our program. In 2021, as part of the expansion of our program to include equity, we offered a new Inclusion@FINRA education series that builds on previous DEI training. The two-part program focused on creating a shared understanding of DEI at FINRA and provided a practical framework for mitigating unconscious bias.



Diana Roberto, Boca Raton, FL

Engaging in candid discussions about relevant DEI topics—including racial justice—is another component of our strategy. We encourage members of our executive leadership team to host conversations with their staff and with all employees to create and foster understanding and inclusive practices within and across teams. In 2021, we continued these types of dialogues—called Courageous Conversations—including a company-wide discussion with Emmanuel Acho, author, 2021 Primetime Emmy Award winner and Fox Network sports analyst. Mr. Acho discussed how difficult conversations about systemic racism, allyship, racial stereotypes and white privilege are the key to mending the nation’s racial divide. Other dialogues in the series featured the stories of Black men at FINRA and the perspectives of Asian American and Pacific Islander members of our community.

FINRA recognizes that sustaining and growing a diverse and inclusive environment requires more work. We take pride in what we have accomplished and the recognition we have received for our work. In 2021, we were recognized by the National Organization on Disability as a Leading Disability Employer; received the Working Mother and Working Dad award from Seramount; and received a 100 percent rating from the Human Rights Campaign.



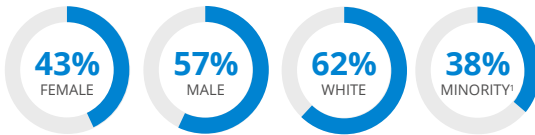
Russell Kemp
Member, RJTF



“Historically, we’ve been taught that talking about race in the workplace is taboo. We need to move away from a place of looking at racial justice from a perspective of staying silent just to ‘keep the peace.’ I think we can still peacefully move toward better results and more equality if we take a firm stand against racial injustice, rather than remain silent. I encourage people to strengthen and/or deepen their relationships with people who don’t look like them or share their same experiences. Deeper relationships and friendships tend to reveal that, regardless of any cultural differences, all of us are ultimately the same and we generally want the same things for ourselves and our families.”

Life at FINRA

We are focused on building a workforce that mirrors the diversity of our communities and supports our mission of investor protection and market integrity.

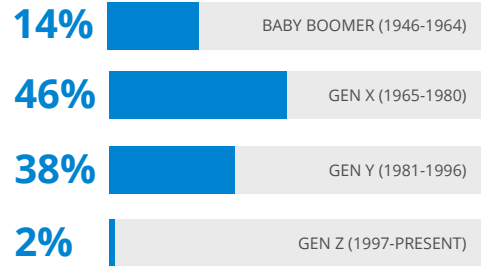


DIVERSITY OF OUR OFFICERS AND NEW HIRES

OFFICERS		NEW HIRES	
41%	14%	38%	48%
FEMALE	MINORITY	FEMALE	MINORITY
BOARD		WE REPRESENT	
48%	29%	1.1%	11.1%
FEMALE	MINORITY	PROTECTED VETERANS ^{2,3}	DIFFERENTLY ABLED ³

GENERATIONS

Our employees represent four distinct generations.



2021 AWARDS



OUR EMPLOYEES ARE ENGAGED

At FINRA, we believe it is our responsibility to be good corporate citizens by enriching the communities where we live and work.

- ▶ **Almost 50 percent of employees are members of one or more ERGs—a 3 percent increase over 2020**
- ▶ **ERG events had a combined attendance of over 15,000 employees in 2021**
- ▶ **28 percent of employees volunteered 9,603 hours in their communities in 2021**
- ▶ **Employees donated \$436,459 to 582 organizations with ERG-led campaigns driving more than \$40,000 to charities**

ERGs

- FINRA African American Network (FAAN)
- FINRA Asian Professionals Association (FAPA)
- FINRA Disability and Wellness Network (DAWN)
- FINRA Interfaith Network (BRIDGES)
- FINRA Latino Affinity Network (FLAN)
- FINRA Military Community (MilCom)
- FINRA Multigenerational Employee Resource Group (MERGE)
- FINRA Parents Network (FPN)
- FINRA Pride Alliance (FPA)
- FINRA Women's Network (FWN)

1. Minority refers to the percentage of employees who selected a racial category other than "White (Not Hispanic or Latino)" in response to the EEO-1 Voluntary Self Identification Form to include American Indian or Alaska Native (Not Hispanic or Latino); Black or African American (Not Hispanic or Latino); Hispanic or Latino; Native Hawaiian or Other Pacific Islander (Not Hispanic or Latino); Two or More Races (Not Hispanic or Latino). 2. Protected Veterans refers to the percentage of employees who have voluntarily indicated that they identify as a veteran as defined by the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (VEVRAA), as amended by the Jobs for Veterans Act of 2002. 3. Source: FINRA 2021 Employee Disability and Veteran Self-Identification Form.

Community Involvement

FAAN AND FLAN CONNECT WITH STUDENTS

Two FINRA ERGs—the FINRA African American Network (FAAN) and FINRA Latino Affinity Network (FLAN)—co-sponsored an initiative to facilitate volunteering opportunities with the SIFMA Foundation’s Invest It Forward™ program. The financial literacy and career exploratory program serves middle and high school students by connecting them with financial professionals.

MILCOM CONNECTS WITH MILITARY MEMBERS

The FINRA Military Community (MilCom) established a partnership with the Tragedy Assistance Program for Survivors (TAPS) and A Million Thanks, which support U.S. military members and their families. In 2021, MilCom helped raise more than \$3,700 for TAPS, and FINRA employees wrote letters and cards to service members via A Million Thanks.

SUPPORTING HEALTH AND WELLNESS INITIATIVES

FINRA Disability and Wellness Network (DAWN) collaborated with the National Alliance on Mental Illness (NAMI) and STEPTember, in support of the Cerebral Palsy Alliance Research Foundation (CPARF). DAWN helped raise more than \$15,000 and promoted healthy lifestyles to employees with the STEPTember challenge. FINRA steppers took more than 37 million steps during the challenge.



John Barron, Los Angeles, CA



Claire Fleischer
Co-Chair, Milcom



“Being a MilCom co-chair has provided me with invaluable leadership and networking opportunities and is a way for me to make a direct contribution to FINRA’s efforts to create a diverse and inclusive organizational environment. My involvement with this and other ERGs has expanded my understanding of other cultures and communities, provided a unique window into the experiences of others, and truly enhanced my overall FINRA employee experience. I feel fortunate to be part of an organization that demonstrates such strong support for its ERG program.”

Elevating Financial Education: Enhancing Financial Capability

Dismantling barriers that prevent underrepresented groups from participating fully in the financial markets and addressing systemic wealth disparities among investors is a priority for FINRA. We know that having a meaningful impact on these goals means FINRA must enhance financial capability through collaborative work with other regulators and external stakeholders.

Much of this work is carried out by the FINRA Foundation, a subsidiary of FINRA whose mission is to empower underserved Americans with the knowledge, skills and tools to make sound financial decisions throughout life. In striving to achieve our vision of a society characterized by universal financial capability and well-being, we believe that financial capability is defined not only by knowledge and skill, but also by opportunity and access.

We further believe that improving financial capability requires a strong commitment to racial, ethnic, gender and economic justice, as well as a willingness to collaborate and innovate—and that all people across the nation should have the ability to participate in the opportunities and benefits of the capital markets. That is why the Foundation has long supported and actively directs research and outreach initiatives that focus on building financial stability and establishing pathways to investing for women, people of color, younger investors, lower-wage workers, vulnerable adults and more.

At the core of our approach is the FINRA Foundation's Financial Inclusion Framework, designed to expand existing research and outreach efforts and to undertake new workstreams aimed at advancing financial capability among underserved groups and supporting racial equity in the communities. The Financial Inclusion Framework provides sustainable, long-term partnerships with national and community-

based organizations that demonstrate FINRA's commitment to being a responsible corporate citizen with targeted programmatic investments.

One of the early programs we developed as a component of our Financial Inclusion Framework was the October 2021 Access and Impact Conference: Gauging the Participation of Diverse Communities in the Capital Markets. Developed with our partners at NORC at the University of Chicago, the virtual conference brought together leaders in academia, industry and policy to explore original academic and industry research on financial inclusion in the capital markets.

In addition to the conference, in 2021, the FINRA Foundation published and supported focused research on DEI in the financial markets. Studies show the racial and ethnic divide among investors in the United States remains a problem. We believe it is important to provide substantive information to the public and highlight potential approaches to solving disparities and encouraging market participation.

Focused Research on DEI in the Financial Markets

- ▶ Bridging the Divide: A Closer Look at Changes in the Racial and Ethnic Composition of Investor Households
- ▶ Financial Anxiety and Stress among U.S. Households: New Evidence from a National Survey and Focus Groups
- ▶ Bouncing Back? The Financial Resilience of Americans
- ▶ Investing 2020: New Accounts and the People Who Opened Them

Elevating Our Industry: Increasing Representation

In 2021, we expanded our efforts to increase diverse representation and build a more inclusive environment in the financial services industry. A key component of our approach is assessing whether our own rules, operations and administrative processes create unintended barriers to greater diversity and inclusion in the broker-dealer industry or may have unintended disparate impacts on members of the industry. We solicited input from broker-dealers and FINRA stakeholders and received a range of comments that we continue to review. FINRA has also asked broker-dealers and members of the public to review a proposal to amend some rules governing corporate debt securities. We took this step to reduce barriers to entry and facilitate competition in the corporate debt underwriting market.

Initiatives such as our Maintaining Qualifications Program are also intended to make the industry more inclusive and accommodate individuals whose personal circumstances take them away from the industry for a time. The program allows previously registered persons to maintain their qualifications for up to five years after terminating their registration by participating

in annual continuing education. FINRA recognizes that reducing unnecessary impediments to requalification helps promote greater diversity and inclusion in the securities industry by attracting and retaining a broader and more diverse group of professionals.

We continue to share best practices from our robust DEI program. In 2021, FINRA reached over 1,000 external stakeholders through our Diversity Leadership Summit and DEI-focused programs at our Annual Conference. In addition, the Diversity Leadership Summit, which FINRA sponsors each year, provides a forum for diversity practitioners from firms, financial regulators and other organizations to share ideas and effective practices to promote diversity and inclusion in the workplace. The 2021 virtual summit offered discussions on the importance of embracing DEI even during times of crisis, and included a session with the Honorable Joyce Beatty (D-OH), Chair of the U.S. House of Representatives Subcommittee on Diversity and Inclusion. Representative Beatty discussed re-evaluating paradigms of employment, enhancing accountability and transparency, maximizing the impact of chief diversity officers and reiterated her pledge to continue working closely with our industry to advance DEI. Stratification economist

Dr. Darrick Hamilton, Henry Cohen Professor of Economics and Urban Policy at the New School for Social Research and policy architect of “Baby Bonds,” discussed approaches to address the U.S. racial wealth gap. In addition, FINRA’s Chairperson Eileen Murray joined FINRA President and CEO Robert Cook to discuss the challenges, progress and breakthroughs of DEI in the financial services industry.



Sylvia Joseph, Philadelphia, PA

Building a Diverse Pipeline of Arbitrators

Since 2015, FINRA's Dispute Resolution program has embarked on an aggressive recruitment campaign to diversify the roster of arbitrators who hear cases in this forum. Each year, we survey the arbitrators and mediators who serve in the forum to understand where we are making progress and to identify future opportunity areas.

The following table shows the diversity of the new arbitrators added in 2021 as compared to 2020 and 2015.

	2021	2020	2015
Female	45%	40%	26%
Black or African American	23%	14%	4%
Hispanic or Latino	7%	3%	17%
Multiracial	6%	3%	7%
LGBTQ	5%	2%	3%
Asian	4%	2%	2%



Photos: Nicole Floyd, Atlanta, GA; Krishna Podury, Rockville, MD

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