

Become a Mediator

FINRA Dispute Resolution Mediation Program

What Is FINRA Dispute Resolution?

FINRA Dispute Resolution operates the largest forum of dispute resolution for the securities industry in the United States, handling more than 95 percent of all securities arbitration claims filed by customers of brokerage firms, and brokerage firms and their employees.

What Is FINRA Mediation?

FINRA Dispute Resolution developed a mediation program to provide additional dispute resolution options for parties. The goal of the mediation program is to provide public customers, member firms and associated persons with another effective way to resolve their disputes. Accomplishing these goals requires a highly qualified national roster of FINRA mediators.

Mediating through FINRA's Mediation Program provides an informal, voluntary process in which the mediator facilitates negotiations between disputing parties, helping them to find their own mutually acceptable resolution. What distinguishes mediation from other forms of dispute resolution is that the mediator does not impose the solution; rather, he or she helps make it possible for the parties to craft and reach a solution they accept themselves. Most cases that mediate through the FINRA forum are converted to mediation after the case is filed in arbitration.

What Duties Does a Mediator Perform?

The mediator assists and guides the parties toward their own solution by helping them to define the important issues and understand each other's interests. The mediator focuses each side on the crucial factors necessary for settlement and on the consequences of not settling. However, he or she **does not** decide the outcome of the case and **cannot** compel the parties to settle.

The mediator can defuse hostile attitudes and remedy miscommunications. He or she is a mirror of reality and, as such, can help soften or eliminate extreme negotiating positions. Through the mediator, parties assess weaknesses in their own case and recognize the potential strengths of the other side. As a result, the parties can more clearly view matters previously distorted by anger and emotion. Most significantly, the mediator can explore creative and innovative solutions that the parties—sometimes caught up in adversarial negotiations—might not have considered. The success of any mediation program depends on the skills of its mediators.

Who Are Our Mediators?

FINRA mediators are independent neutrals, not employees of FINRA Dispute Resolution. They are knowledgeable in the subject matter of the controversies. FINRA Dispute Resolution carefully identifies candidates and selects its mediators from a cross-section of highly qualified individuals who are diverse in culture, profession and background. Each applicant is vigorously scrutinized against demanding qualification criteria. Formal mediator training, combined with experience as a mediator, is crucial.

Many FINRA mediators are also arbitrators with training and experience in resolving securities matters. However, the skills required for each role are unique, and the two neutral pools are separate and distinct. Rules prohibit an individual from serving as both a mediator and arbitrator in the same case.

What Are the Benefits of Being a FINRA Mediator?

Service. As a FINRA mediator, people from all walks of life will receive the benefits of your experience. FINRA mediators are an integral part of a process that provides quick, fair and affordable resolutions to disputes involving the securities industry. The mediation process is less formal than arbitration. You will help parties identify and work through their issues, and assist them in crafting creative solutions that are not often available in arbitration or litigation. The case proceeds quickly, and the settlement potential is high (80 percent in our forum). Even in the rare instances when parties do not reach a settlement, mediators help improve the lines of communication, placing the parties in a better position to settle their cases at a later stage.

Compensation. Mediators set their own hourly rate (subject to a modest revenue fee of \$150 per case, collected by FINRA—with the exception of the Small Claims Program, where no such fee is collected). FINRA charges mediators on our roster an annual membership fee of \$200. In return, FINRA mediators benefit from:

- ▶ Inclusion on a prestigious securities mediator roster;
- ▶ FINRA's marketing efforts to bring cases into mediation;
- ▶ Inclusion on proposed mediator lists (along with your Mediator Disclosure Report) for parties to review when requesting assistance selecting a mediator;
- ▶ Immediate payment for mediation session fees and expenses, eliminating the need for any collection efforts on the part of the mediator; and
- ▶ FINRA's promise to indemnify its neutrals.

Flexibility. Parties can mediate in person, by telephone, by video conference or a combination of methods. They can mediate in person or by video conference at FINRA facilities at no cost, or they can select a location of their choice (if needed, the parties will cover the cost of the room rental). The parties can hold their mediation session in any city, and the FINRA mediation staff can assist with finding a location. Most often, the parties hold the mediation in the same city as where the parties' arbitration case is scheduled. All parties and the mediator must be in agreement with the arrangement.

Publications. FINRA Dispute Resolution publishes materials that provide vital information about its arbitration and mediation programs, as well as updates on FINRA Board actions, mediation procedures and training issues. Among these publications is **The Neutral Corner**, an award-winning newsletter geared specifically for FINRA mediators and arbitrators.

How Can I Become a FINRA Mediator?

FINRA is looking for experienced mediators in specific locations as noted on our Web site listed below. Prospective applicants need relevant training, service as a mediator and expertise in securities and employment issues. Mediation skills include having a demonstrated ability to help parties communicate better, analyze risks and explore options that can result in their mutual satisfaction with the outcome. To qualify as a FINRA mediator, an individual must complete a thorough screening process and a detailed application. In the application, potential mediators are asked to provide information about his or her work history and experience, and to submit four letters of reference. (At least three of these letters should be from parties who have observed the applicant's mediation technique.)

For more information, please email mediate@finra.org.



Investor protection. Market integrity.

One Liberty Plaza
165 Broadway, 27th Floor
New York, NY 10006
www.finra.org

© 2012 FINRA. All rights reserved. FINRA and other trademarks of the Financial Industry Regulatory Authority, Inc. may not be used without permission.

12_0068.1-02/12