

# FINRA Dispute Resolution Arbitrator Training

Completing Your Arbitrator Expense Report  
Training Module Release Date: March 2011



# Introduction

- To ensure IRS reporting compliance, FINRA has strict guidelines regarding arbitrator expense reimbursement. This training reviews key reporting requirements that will help you to meet your obligations to comply with FINRA's expense reporting procedures. It also provides an overview of the Guidelines for Arbitrator Reimbursement and step-by-step instructions on how to complete your Arbitrator Expense Report. Adherence with these procedures will help FINRA process your expenses quickly and expedite your reimbursement.



# Understanding the Reimbursement Guidelines

- **Before** you complete and submit an Arbitrator Expense Report (Expense Report), you should read and comprehend the Guidelines for Arbitrator Reimbursement (Guidelines). The publication identifies all current FINRA expense reimbursement policies. Abiding by the Guidelines will ensure that you request payment only for items that are reimbursable and in accordance with your assigned category, as explained here.
- It is important that you familiarize yourself with the Guidelines, which are referred to throughout this course. The most current version of the Guidelines is always available on our website, and we strongly encourage you to review them frequently since they are subject to change.

# Arbitrator Categories for Reimbursement

- FINRA has five categories of expense reimbursement. The category to which you are assigned is dependent upon your residential proximity to your hearing location.
- Please see the following brief definitions of each reimbursement category. In the interest of time, we will not go through a detailed explanation of each category. It is important that you read the Guidelines to fully understand your category, and for information on qualifying expenses within your category.

# Arbitrator Categories for Reimbursement - continued

## Category One

- FINRA generally assigns arbitrators to the hearing location closest to their primary residence, within their state, and categorizes them as Category One for reimbursement purposes. This is known as your primary hearing location.

## Category Two

- Arbitrators who elect to serve in additional hearing locations other than their primary hearing location are categorized as Category Two.

## Category Three

- Arbitrators who live more than 120 miles from their primary hearing location are categorized as Category Three.

## Category Four

- Arbitrators who are asked by FINRA Dispute Resolution to serve in a hearing location in which they did not previously volunteer to serve are categorized as Category Four.

## Category Five

- Arbitrators who have secondary hearing location(s) in close proximity to their primary hearing location are categorized as Category Five.

## Arbitrator Categories for Reimbursement - continued

Your category may change with each respective case depending on whether you volunteered to serve on a case outside of your primary hearing location or you were asked by FINRA to serve in an alternate location outside of your primary hearing location.

Please contact FINRA if you have any questions about the categories or if you are not sure of your reimbursement category.

# General Information About Completing Expense Reports

- **Use the Current Version of the Expense Report:** The most current version of the Expense Report is available on FINRA's website, or you may request a current Expense Report from the FINRA staff member assigned to your case. Failure to use the correct Expense Report could delay receiving your reimbursement.
- **Use a Separate Expense Report for Each Case:** If you have expenses to submit for more than one case, use a separate Expense Report for each case.

# General Information About Completing Expense Reports- continued



- **Timeline for Submission:** All requests for reimbursement must be submitted within 30 days of the date that the expense was incurred.

If you have a hearing that is expected to continue beyond 30 days, complete the Expense Report for the expenses you have incurred to that point to comply with the 30-day deadline and submit additional Expense Reports as the case continues.



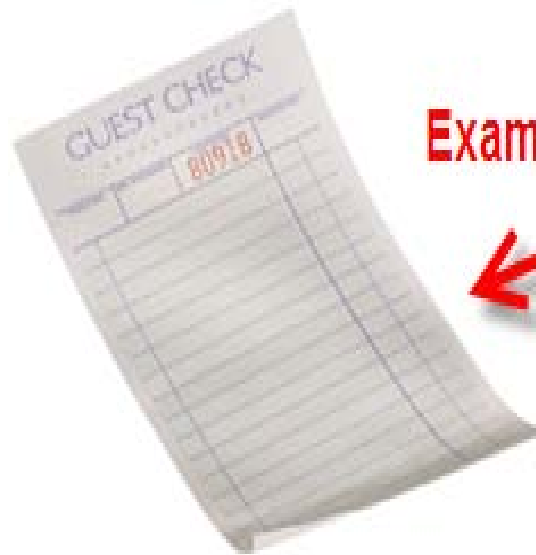
# General Information About Completing Expense Reports - continued

- **Receipts:** You must attach original receipts for ALL expenses of \$10 or more. Acceptable documentation includes an original receipt completed by the vendor, the customer's copy of a charge/credit card slip, a charge/credit card billing statement, an original phone bill or an IRS-approved electronic ticket receipt. Receipts must include the name of the vendor, location, date and dollar amount.



# General Information About Completing Expense Reports - continued

- **General cash tabs are **not** acceptable receipts.** If you do not provide a receipt for an expense of \$10 or more, you will be reimbursed a maximum of \$10, regardless of your request.




**Example of Cash Tab**



# General Information About Completing Expense Reports- continued

- **Reimbursement:** FINRA will mail a check to the address that you designated to receive your arbitrator honoraria and expense reimbursements. If you previously registered for direct deposit, FINRA will deposit reimbursement funds electronically into the designated checking account.
- If you have not registered for **direct deposit**, consider using it for faster, more convenient payments. Visit our website or contact FINRA for instructions on registering for direct deposit.



Financial Industry Regulatory Authority

**NON-EMPLOYEE DIRECT DEPOSIT ENROLLMENT FORM**  
(Send Completed Form to Accounts Payable)

Important! Please read and sign below

I hereby authorize FINRA® to deposit funds to the designated financial institution and personal account indicated on this form below. I further authorize FINRA to debit my personal account at the financial institution listed below in the event that FINRA deposits funds erroneously into my account for an amount not to exceed the original amount of the erroneous credit.

Please note: these direct deposits are for personal banking accounts only and can not be used for business or company accounts.

# General Information About Completing Expense Reports- continued

- Tax Forms:** FINRA arbitrators are not employees of FINRA. As independent contractors, arbitrators will receive 1099 forms from FINRA if they earn \$600 or more providing arbitration services for FINRA during the previous year. Expense reimbursements are not reported on the 1099 form.

9595		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED	
PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Rents	OMB No. 1545-0115
		\$	2011
		2 Royalties	
PAYER'S federal identification number		\$	3 Other income
		\$	4 Federal income tax withheld
RECIPIENT'S identification number		\$	5 Fishing boat proceeds
RECIPIENT'S name		\$	6 Medical and health care payments
		\$	7 Nonemployee compensation
		\$	8 Substitute payments in lieu of dividends or interest
		\$	

Miscellaneous Income

Copy A  
For Internal Revenue Service Center

File with Form 1096.

For Privacy Act and Paperwork Reduction Act

- Because FINRA arbitrators are NOT employees of FINRA, they are NOT eligible to receive any unemployment benefits or any FINRA employee benefits.

# Completing the Expense Report

**In this part of the training, we will review how to properly complete an Expense Report.**

- We will first discuss the general information that you must provide each time you submit an Expense Report.
- Then we will review the different types of expenses, which may or may not apply to your reimbursement category, and how to enter this information correctly on the Expense Report.

# Before We Begin

- Always be sure to use the current Expense Report that is updated with the IRS approved mileage rate. You can access the Expense Report in either PDF or Excel format on the “Forms and Tools” page of our website. Using the current form will ensure that you apply the correct mileage rate, and expedite your reimbursement. As an added benefit, if you use the Excel version of the form it will assist you with the math calculations and decrease the chance of error.

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Arbitration & Mediation

**Forms & Tools**

**Forms for Arbitrators**

- Arbitrator Application
- Arbitrator Honorarium FAQs
- Guidelines for Arbitrator Reimbursement
- Travel and Expense Form (Excel | PDF)
- Order on Request for Permanent Injunction
- Simplified Case Checklist

**Forms for Mediators**

- Mediator Update Form
- Direct Deposit (Non-Employee)
  - Enrollment Form
  - Notice and Instructions
- Boca Raton Region (Southeast, Southwest and Florida)
  - Mediator Payment Form

All Amounts Entered in US Dollars			Arbitrator Expense Report	
			<i>Budgeting</i>	
Arb. ID:			Dept Name	
			Location	
			* See	
Mileage			Lodging	
Rate	Miles Driven	Mileage Expense	Room & Tax Only	Breakfast
0.510	125	63.75		
0.510		-		
0.510		-		
0.510		-		
0.510		-		
	125	63.75	-	-

Excel Will Automatically Calculate Mileage Expense

Enter Miles Driven Here

# Completing the Expense Report - continued

You must complete the following sections of the Expense Report to facilitate prompt processing:

- **Contact Information**: Enter complete contact information, which includes your name, arbitrator identification number and mailing address.
- **Business Purpose**: Provide a business purpose for the expenses you enter on the Expense Report, including the case number and a caption. For example, “1/13/11: two hearing sessions held on case 08-06789, Smith v. Acme Securities.” This allows FINRA staff to confirm and approve case-associated expenses.
- **Entering Daily Expenses**: To enable FINRA to review your Expense Report and process your reimbursement quickly, please use a separate row for each day’s expenses and include the date. Use additional Expense Reports if you cannot enter all of your expenses on one form.
- **Signature**: Finally, you must sign and date the Expense Report before submitting it to FINRA. FINRA cannot process your request without a signature.

# Categories of Reimbursable Expenses

During the course of an arbitration hearing, you may incur several different types of expenses. Be sure to review the Guidelines to verify that an expense is reimbursable for your reimbursement category.

The following are the types of reimbursable expenses as they appear on the Expense Report. This section focuses on how to enter the information properly on the expense form.

- **Airfare/Rail**: Enter the cost of the ticket. Attach a detailed receipt identifying the name of the traveler, amount paid, dates of travel and the departure and arrival locations.
- **Car Rental**: Enter the cost of the car rental and gas purchases. Attach the receipts for all payments. Pursuant to the Guidelines, you should decline the car insurance option; therefore, this cost should not be included as a reimbursable expense.
- **Taxi/Metro Local Transportation/Parking/Tolls**: In this section, enter the amount spent on taxis, airport shuttles, parking, tolls, bus or subway expenses. Attach the receipts for each. If you use an electronic auto-pay toll service, you may submit a printout of your account as your receipt if the expense is \$10 or more.



# Categories of Reimbursable Expenses- continued

- **Miles Driven/Mileage Expense:** If you are driving your own car to and from the hearing location, the airport or train station, you may request reimbursement for the miles driven. To calculate the reimbursable amount when using the PDF version of the Expense Report, first enter the number of miles driven in the “Miles Driven” column. Then enter the total number of miles driven each day multiplied by the mileage rate in the “Mileage Expense” column. Remember, if you use the Excel version of the Expense Report, this calculation will be automatically completed for you.
- **Lodging:** Under lodging, enter the cost of the daily room rate and tax for each night. Attach the itemized hotel receipt identifying all charges and payments. All hotel receipts must show a \$0 balance.
- **Meals:** Generally arbitrators have a daily meal allowance of \$20 (including any gratuities) for all meal expenditures incurred on one day (see Guidelines for exceptions). FINRA will not reimburse for meals that exceed the daily allowance, even if you provide a receipt. Enter expenses for breakfast, lunch and dinner separately and attach receipts. Provide an explanation if necessary.
- **Telephone:** You may enter the cost of reasonable telephone calls that are necessary for business and personal reasons (such as immediate family members). You may provide a hotel statement or your residential phone bill as a receipt.

# Categories of Reimbursable Expenses- continued

- **Miscellaneous Expenses**: The miscellaneous category allows you to enter expenses that fall outside of the previously mentioned categories. For example, you may incur shipping costs for mailing case-related information to FINRA. To be reimbursed for a miscellaneous expense, you must enter the expense and attach a receipt. In addition to the amount of the expense, the receipt should include the name and address of the establishment where you incurred the expense. You must provide an explanation for all miscellaneous expenses.
  - ❑ **Checked Baggage**: FINRA will reimburse you for airline baggage fees when the checked item is related to arbitration business purposes. Enter the cost for checking baggage under the Miscellaneous Expenses section and attach a receipt.
  - ❑ **Internet Usage**: FINRA will reimburse you for Internet usage fees when it is necessary for arbitration business purposes. Enter the expense under the Miscellaneous Expenses section and attach a receipt.

# Categories of Reimbursable Expenses - continued

- **Gratuities**: All gratuities must be reasonable. You should include the gratuity in the total amount you request for a particular expense, and it must be itemized in an accompanying receipt, if the amount of gratuity is \$10 or more. Additional supporting documentation may be requested at the discretion of FINRA.
  - ❑ FINRA provides the following guidelines for tipping:
    - ✓ Cab fare: up to 15 percent
    - ✓ Meals: 15 – 20 percent
    - ✓ Housekeeping services: up to \$2 per night
    - ✓ Baggage assistance: \$2 per bag
    - ✓ Car valet: \$2 per driver
  - You can access Instructions for Completing the Expense Report on the “Forms and Tools” page of our website.

# Non-Reimbursable Expenses

FINRA will **NOT** reimburse arbitrators for personal expenditures. Under no circumstances will FINRA reimburse arbitrators for the following:

- Hotel amenities such as upgrades, hotel spas, recreational sports, in-room movies, mini-bar and hotel room refrigerator charges.
- Expenses of anyone accompanying an arbitrator to a hearing or while traveling. Combined charges should be adjusted to exclude expenses incurred by the accompanying person. In addition, any difference between single and double room rates because of an accompanying person should be deducted from the total expense.
- Airline headsets and any other items for personal use. If charges for reimbursable items and personal items are combined, the charges should be adjusted to exclude personal items.
- Any alcoholic beverage.

# Questions



Please contact FINRA if you have any questions about the reimbursement categories or about completing the Arbitrator Expense Report.

- Northeast Region: (212) 858-4200
- Midwest Region: (312) 899-4440
- West Region: (213) 613-2680
- Southeast Region: (561) 416-0277

# Available Resources

The following information referenced in this course is posted next to the training module link. The following is a summary of the links provided:

- Copy of this presentation
- Guidelines for Arbitrator Reimbursement
- Arbitrator Expense Report (Excel or PDF)
- Instructions to Complete FINRA's Arbitrator Expense Report
- Registration instructions for direct deposit

# Conclusion

- Thank you for viewing this training. We value your service as an arbitrator and appreciate your cooperation in complying with FINRA's expense reporting procedures.