

Office of the Ombudsman

2017 Report

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The primary mission of FINRA's Office of the Ombudsman (office) is to provide assistance to investors, brokerage firms, individual brokers, and any other business or individual who interacts with FINRA and has concerns regarding unfair treatment or inconsistent regulatory practices. As an independent, neutral and confidential source of assistance, Ombudsman staff addresses concerns and complaints, whether anonymous or not, about operations, enforcement, or other activities of FINRA and employees. The office does not replace the mechanisms that FINRA already has in place to respond to the issues raised by its constituents. The office supports FINRA's mission by helping constituents to identify and evaluate options; explaining the appropriate process for resolution; when possible, referring concerns to the appropriate office or department and monitoring the outcome; and making responsive suggestions to mitigate thematic issues from reoccurring in the future. The office will also informally facilitate the resolution of or escalate issues that fall outside of FINRA's established policies or processes.

As a neutral party, the Ombudsman reports directly to the Audit Committee of the Board of Governors and functions independently from other departments and FINRA management. The office does not advocate for any individual or entity—including FINRA—rather, the Ombudsman advocates for fair processes and the fair administration of those processes. When someone contacts the office for assistance, they can expect that the office's staff will listen to their issue; ask pertinent questions; review relevant rules, policies and documents; provide feedback; and discuss available options. They also act as a source of information and referral to help constituents address their concerns at the most appropriate level within the organization. Anyone who wants to report a concern may file a confidential complaint online at www.finra.org/aboutFINRA/ombudsman or call our toll-free number at (888) 700-0028.

Cases by Visitor Type	2015	2016	2017
Public Investor	249	230	220
Broker	330	369	284
Issuer	9	10	17
FINRA Employee	23	16	25
Firm	41	31	37
Other	139	100	134
Totals	791	756	717

- ▶ **Public Investor** - Any member of the public who currently has a brokerage account or may intend to open a brokerage account.
- ▶ **Broker** - A current or former associated person of a member firm.
- ▶ **Issuer** - A public traded company appearing on an exchange, the OTCBB, or another quotation system.
- ▶ **Firm** - Any current or former brokerage firm registered as a member of FINRA.

Cases by Category Type	2015	2016	2017
FINRA Complaints	288	309	292
Inquiries	302	253	214
Firm/Broker Complaints	96	124	132
Regulatory Tips	91	49	35
Other	14	21	44
Totals	791	756	717

- ▶ **FINRA Complaint** - A complaint regarding FINRA activities, policies, processes, staff actions, etc.
- ▶ **Inquiries** - Questions regarding FINRA's rules, policies and procedures.
- ▶ **Firm/Broker Complaints** - Complaints regarding a brokerage firm or a broker currently or formerly registered with a brokerage firm.
- ▶ **Regulatory Tip** - Reports of suspicious activity or possible securities rule violations by a brokerage firm, broker or other entity or individual regulated by FINRA.

Frequently Reported Concerns - 2017	
Examination/Investigative/Review Processes	45
BrokerCheck	32
Broker Registration & Testing	32
OTC Market Operations	28
Arbitration Process	16
Disciplinary Process	14

- ▶ **Examination Process** - Concerns regarding any aspect of routine or cyclical examinations.
- ▶ **Investigative Process** - Concerns regarding any aspect of targeted cause investigations that are triggered by specific events, regulatory tips, or other regulatory concerns.
- ▶ **Review Process** - Concerns raised about the evaluation of investor complaints, new and continuing membership applications, advertising regulation reviews, and corporate finance reviews of underwritings.
- ▶ **BrokerCheck** - Concerns raised about the public display or accuracy of information on BrokerCheck.
- ▶ **Broker Registration & Testing** - Refers to any aspect of the broker registration process, including qualifications and continuing education examinations and Forms U4 and U5 disclosures.
- ▶ **OTC Market Operations** - Concerns related to submissions made to FINRA pursuant to SEC Rule 10b-17, which requires non-exchange listed issuers to notify FINRA of certain corporate actions, such as stock symbol changes and capital distributions.
- ▶ **Arbitration Process** - Concerns related to rules, policies or any other aspect of FINRA's arbitration forum.
- ▶ **Disciplinary Process** - Concerns raised about a pending or closed formal disciplinary proceeding's disposition or violations cited, or sanctions associated with a pending or closed formal disciplinary proceeding.