



Financial Industry Regulatory Authority



Putting Investors First

Your Guide to FINRA and its Investor Services



ABOUT FINRA

In today's often unpredictable financial market, investors need to know they have an advocate. FINRA, the Financial Industry Regulatory Authority, puts investors first. We are an independent, not-for-profit organization with a public mission: to protect America's investors by making sure the securities industry operates fairly and honestly. We do that by writing rules governing the activities of nearly 4,500 brokerage firms with approximately 630,000 brokers, enforcing those rules and the federal securities laws, examining firms for compliance, working to make the markets more transparent and educating investors.

FINRA plays a critical role in safeguarding investors—by enforcing high ethical standards, bringing the necessary resources and expertise to regulation, and enhancing investor safeguards and market integrity—all at no cost to taxpayers.

HOW FINRA PROTECTS INVESTORS

There are many ways we protect the 53 million American investing households, and countless others around the world, who invest in the U.S. securities markets.

- FINRA writes rules and regulatory policy that brokers must follow and examines securities firms for compliance with those rules, federal securities laws and regulations, and rules of the Municipal Securities Rulemaking Board (MSRB). In a typical year, we initiate thousands of examinations for cause—many triggered by customer complaints—and conduct around 2,300 routine, on-site examinations of the firms we regulate. The U.S. Securities and Exchange Commission (SEC) oversees FINRA and regularly reviews and examines our regulatory activities and programs to ensure they comply with statutory responsibilities.
- We enforce rules and federal securities laws by bringing disciplinary actions against firms and individuals who breach them. Sanctions range from cautionary actions for minor offenses to fines, suspensions from the business and, in egregious cases, expulsion from the industry. FINRA regularly requires firms to return money to harmed investors and often imposes other conditions on a firm's business to prevent repeated wrongdoing. In 2011, FINRA collected nearly \$63 million in fines from individual brokers and firms. And we ordered or secured agreements to return nearly \$19 million in restitution to investors.

- FINRA monitors all trading on most major U.S. exchanges. We strive to ensure compliance with the rules governing best execution, insider trading, money laundering and other trading obligations. Our market surveillance uses the most sophisticated technology and automated monitoring systems—which we use to identify sequences of quotes and trades that may signal a potential violation, and to reconstruct market transactions using data gathered in real time throughout the trading day.
- We register, test and educate brokers. All brokerage firms that sell securities in the United States must be licensed and registered by FINRA. We require all brokers to register with FINRA, pass our qualification exams and satisfy continuing education requirements. FINRA maintains the Central Registration Depository (CRD), the central licensing and registration system for the U.S. securities industry and its regulators. CRD contains the qualification, employment and disciplinary histories of firms and brokers, making it the world’s largest and most sophisticated online registration and reporting system.
- We review brokerage firm advertisements, websites, sales brochures and other communications to ensure that information is not misleading and is presented in a fair and balanced manner. Every year, FINRA reviews more than 90,000 individual communications from firms to investors—covering the full range of media from TV, radio and the Internet, to print ads and direct-marketing materials.

HOW FINRA EDUCATES INVESTORS

FINRA believes an essential component to investor protection is investor education. To that end, we provide free, unbiased resources and tools to help investors evaluate investment products and professionals, and better understand the markets and the principles of investing.

Investor Information

- Our Investor Alerts provide information investors need to protect their money and avoid scams and other investing problems. We also offer detailed information about major investment topics, including saving for college, choosing investments, 401(k) investing and bond investing. As a complement to our online offerings, FINRA develops investor podcasts on a range of important financial issues and distributes an array of print materials. Among our more popular print resources is ***Job Dislocation: Managing the Financial Impact of Unexpected Job Loss***. Nearly 850,000 copies of this brochure have been distributed through state securities and workforce agencies, public libraries nationwide, The Better Business Bureau® Serving Metropolitan New York, The National Labor College and United Way. We also offer resources to help employers and employees alike steer clear of early retirement scams. To find out more about our educational materials, visit www.finra.org/Investors.

Educational Tools

We offer a number of tools designed to help investors make smarter investment decisions and avoid fraud:

- **FINRA BrokerCheck®** provides investors with valuable information on the professional background of current and former FINRA-registered firms and brokers. Using BrokerCheck is an *essential* first step in selecting an investment professional. It's also a resource you can use to periodically keep tabs on your broker or firm. Use BrokerCheck to look up registrations and licenses for both brokers and brokerage firms, and disciplinary events on a broker and brokerage firm record. You can also find out where and when a firm was established and who controls the firm's daily operations. Investors can request a report through our website (www.finra.org/brokercheck) or by calling toll-free: (800) 289-9999.
- **FINRA's Fund Analyzer** allows investors to compare the impact of fees and expenses on the performance of mutual funds, exchange-traded funds and exchange-traded notes, and to look up applicable fees and available discounts for investments. These fees and discounts can make a big difference in investment performance. Investors can research one fund at a time or compare the costs of as many as three funds or classes of a single fund.

- **FINRA's Market Data Center** offers a full profile of every exchange-listed company, including a company description, recent news stories and SEC filings and an interactive list of domestic securities each company issues. The Market Data Center also provides familiar equities indices, as well the FINRA-Bloomberg Active U.S. Corporate Bond Indices for investment-grade and high-yield bonds.
- **The Understanding Professional Designations** database helps investors decode the strings of letters that sometimes follow an investment professional's name and determine which professional is suitable for their particular needs.
- **Our Risk Meter** allows investors to determine if they share characteristics and behavior traits that have been shown to make some investors vulnerable to investment fraud. And by asking just four questions, our **Scam Meter** can help investors assess whether an investment opportunity is too good to be true.

Additional Educational Initiatives

FINRA is active in partnering with national and international organizations to further the cause of financial education. Our **Retirement Made Simpler** campaign, conducted jointly with AARP and the Retirement Security Project, provides human resource and benefits professionals with information and resources related to retirement plans that use automatic features such as automatic enrollment and escalation. And we are a founding member of IFIE, the International Forum for Investor Education.

FINRA Investor Education Foundation

Created in 2003, the FINRA Investor Education Foundation aims to provide Americans with the knowledge, skills and tools necessary for financial success throughout life. To further this mission, the Foundation awards grants to fund educational programs and research aimed at segments of the investing public who could benefit from additional resources. Since its inception, the Foundation has approved more than \$70 million in grants and directed projects.

The Foundation manages four active grant programs, including:

- **Smart investing@your library®.** Providing millions of public library patrons with access to effective, unbiased financial education resources.
- **Financial Education in Your Community.** Helping community non-profits provide financial tools and information for working families.

- **Investor Advocacy Clinic Program.** Filling the gap in legal representation for small investors by helping law schools establish investor advocacy clinics in high-need areas where none currently exist.
- **General Grant Program.** Providing grants to nonprofits to fund research and educational programs that support our mission.

In addition, the Foundation works with key partners on directed projects to reach targeted audiences, such as:

- **Investor Protection Campaign for Older Investors.** In collaboration with AARP, state regulators and noted fraud and persuasion experts, the Foundation developed a research-based, social change campaign designed to reduce the incidence of investment fraud among investors age 55 and over. In field-testing, the campaign's centerpiece, an intensive workshop on "Outsmarting Investment Fraud" (available in DVD format) reduced responsiveness to a fraud appeal by over 50 percent. For tools and resources, visit www.saveandinvest.org/FraudCenter.

- **Military Financial Education Project.** Using fine money levied against firms for misleading sales practices targeting military personnel, in 2006 the Foundation launched the Military Financial Education Project in partnership with the U.S. Department of Defense Financial Readiness Campaign. The project helps military families manage their money with confidence by delivering free, unbiased tools and training to servicemembers, their spouses and military financial educators. For more information, visit www.saveandinvest.org/MilitaryCenter.
- **Generation Money**—Financial Literacy for Teens. In partnership with the Consumer Federation of America and Channel One, the Foundation developed this integrated multimedia initiative to help secondary school students understand the power of compound interest and other key financial literacy concepts.

For more information about the FINRA Investor Education Foundation, visit www.finrafoundation.org.

HOW FINRA PROMOTES FAIRNESS

FINRA operates the largest dispute resolution forum in the securities industry to assist in the resolution of monetary and business disputes between and among investors, securities firms and individual registered representatives.

Arbitration and Mediation

FINRA's dispute resolution forum has hearing locations in all 50 states, Puerto Rico and London, England. The two pillars of this forum are arbitration and mediation, each providing a professional, fair and neutral process for resolving disputes.

Each year, about 80 percent of mediated cases result in a settlement. Parties settle more than 60 percent of all cases either directly or through mediation, and fewer than 25 percent of the cases are decided by arbitrators. In the last seven years, arbitrators have awarded damages in nearly half of the cases brought by investors.

To receive more information about FINRA arbitration or mediation facilities or the forms needed to begin the process, visit our website, www.finra.org/ArbitrationMediation, or send a letter to:

FINRA Dispute Resolution
One Liberty Plaza
165 Broadway, 27th Floor
New York, NY 10006
Fax: (212) 858-4429

Investor Complaint Program

Investors can submit a complaint to FINRA by calling (240) 386-HELP (4357), or by completing an online form at our website: www.finra.org/complaint. You may also send a detailed letter to the FINRA Investor Complaint Center:

FINRA Investor Complaint Center
9509 Key West Avenue
Rockville, MD 20850-3329
Fax: (866) 397-3290

If you are seeking to recover money or securities, you may want to consult with your own attorney and consider filing an arbitration, mediation or private civil action.

FINRA BrokerCheck

Check the background and disciplinary history of a broker or brokerage firm

Website: www.finra.org/brokercheck

Toll-free: (800) 289-9999

FINRA Complaint Program

If you feel you have been treated unfairly

FINRA Investor Complaint Center

9509 Key West Avenue

Rockville, MD 20850-3329

Website: www.finra.org/complaint

Fax: (866) 397-3290

FINRA Investor Education

If you want to learn more about smart investing

1735 K Street, NW

Washington, DC 20006-1506

Website: www.finra.org/investor

Phone: (202) 728-6964

FINRA Investor Education Foundation

Information about the Foundation and its grant program

1735 K Street, NW

Washington, DC 20006-1506

Website: www.finrafoundation.org

Phone: (202) 974-2824

FINRA Dispute Resolution

If you seek to resolve a dispute

One Liberty Plaza

165 Broadway, 27th Floor

New York, NY 10006-1404

Website: www.finra.org/ArbitrationMediation

Phone: (212) 858-4400

Fax: (212) 858-4429

Executive Offices

FINRA

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Investor protection. Market integrity.

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