

Special Notice

2020 Involvement and Election Process Overview

Summary

FINRA has multiple committees that facilitate effective engagement with its member firms and representatives of the public regarding regulatory and policy initiatives related to FINRA's mission of promoting market integrity and investor protection in a manner that facilitates vibrant capital markets. The purpose of this *Notice* is to:

- ▶ encourage member firms and other interested parties to become involved;
- ▶ provide information regarding the process for filling vacancies on various FINRA committees and its Board of Governors; and
- ▶ remind interested individuals to use [FINRA's online portal](#) to submit an online form to indicate their interest in being considered for future vacancies.

Questions concerning this *Special Notice* may be directed to:

- ▶ Jennifer Piorko Mitchell, Vice President and Deputy Corporate Secretary, at (202) 728-8949 or jennifer.mitchell@finra.org; or
- ▶ Chip Jones, Senior Vice President, Member Relations and Education, at (240) 386-4797 or chip.jones@finra.org.

Background

FINRA believes in vibrant markets that are built on integrity and confidence. As a guardian of market integrity, FINRA works to protect investors. It engages with member firms, investors and other stakeholders to cultivate a deep expertise in the securities industry to ensure that the markets work for everyone. As a self-regulatory organization (SRO), FINRA is able to involve the industry more directly in its deliberations and thus benefit from industry expertise on relevant matters, such as the different business models of firms and how they operate in practice, the complex and rapidly evolving securities markets in which they trade, and the concerns of the wide range of investors they serve.

February 14, 2020

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

FINRA encourages the involvement of its member firms and engagement with its stakeholders through its advisory and *ad hoc* committees, as well as the National Adjudicatory Council (NAC), Regional Committees, the FINRA Board of Governors (FINRA Board) and the FINRA Investor Education Foundation Board (Foundation Board). FINRA can combine feedback and guidance from its advisory committees and industry outreach with the input from the investing public and others representing them to enrich its regulatory programs and develop solutions that are practical, tailored and effective.

FINRA has 14 advisory committees that provide feedback on rule proposals, regulatory initiatives and industry issues. In addition, FINRA consults with 16 *ad hoc* committees created by various departments on specific subject-matter issues. The FINRA Board includes both industry and public members who offer their unique perspectives in their oversight of management in the administration of FINRA's affairs and the promotion of FINRA's goals and objectives. In addition, the Foundation Board directs the FINRA Investor Education Foundation, a non-profit foundation that helps Americans build financial stability, invest for life goals and guard against fraud.

FINRA conducts elections each year to fill member firm positions on its five Regional Committees, the NAC, the Small Firm Advisory Committee (SFAC) and the FINRA Board. The FINRA Board appoints the remainder of the advisory committee members and FINRA staff selects *ad hoc* committee members. In addition, the Foundation Board members are appointed by FINRA.

This *Notice* provides: (i) an overview of each elected or appointed vacancy to be filled in 2020; (ii) a description of responsibilities for the various groups; and (iii) a summary of how eligible individuals can become candidates for appointment or election.

FINRA will issue an *Election Notice* describing the nomination and election procedures for elected positions at the start of each election cycle throughout the year. In addition, the FINRA Board annually reviews and approves the membership of the advisory committees. There are also periodically mid-year vacancies to be filled.

Individuals interested in being considered for nomination or appointment to positions on the *ad hoc* committees, advisory committees, SFAC, NAC or FINRA Board may submit an indication of interest through FINRA's online [Engagement Portal](#).

Advisory Committees

FINRA currently has 14 advisory committees that provide feedback on rule proposals, regulatory initiatives and industry issues. Four committees routinely provide comment on rule proposals and regulatory initiatives that are brought to the FINRA Board: SFAC, Membership Committee, Large Firm Advisory Committee and the Investor Issues Committee. The remaining 10 advisory committees provide feedback on issues related to specific subject matters and provide comment on regulatory initiatives and rule proposals being brought to the FINRA Board related to their expertise.

Non-industry members primarily serve on committees such as the Economic Advisory Committee, Investor Issues Committee, Market Regulation Committee and National Arbitration and Mediation Committee. The advisory committees meet in-person or via teleconference typically between two and five times per year.

FINRA's advisory committee membership is reviewed annually by both management and the FINRA Board, who consider the relevant expertise of each committee member, in addition to the overall geographic location, size and business model diversity of the committees to ensure appropriate composition and representation.

The FINRA Board appoints the advisory committee members, for which there are generally no term limits. However, as noted below, some SFAC members are elected and SFAC members serve single three-year terms, after which the member is not eligible for re-election or re-appointment to the SFAC for another three years.

The FINRA advisory committees are listed below. For a more detailed description of each committee, including composition and a list of current committee members, see www.finra.org/about/committees.

Committee	Description
Clearing Firm Advisory Committee (CFAC)	Advises and makes recommendations on issues arising from member firms' activities relating to the clearance, carrying and settlement of securities, including issues, practices and activities affecting or relating to small member firms, such as their access to clearance and settlement services.
Corporate Financing Committee	Advises on regulatory and public policy issues arising from firms' capital-raising activities.
Economic Advisory Committee (EAC)	Advises on academic research and macroeconomic developments that may impact its regulatory programs. EAC members present original research and discuss economic developments to better inform FINRA initiatives.
Financial Responsibility Committee	Advises and makes recommendations primarily about FINRA and the SEC's rules and policies affecting the financial and operational activities of firms. The committee also provides input on proposed FINRA rules and initiatives, or suggests amendments to existing FINRA rules, related to financial responsibility, clearance and settlement of securities transactions or other operational matters.
Fixed Income Committee	Advises on regulatory initiatives, rules, policies and public policy issues involving debt securities, including municipal securities and municipal advisory activity.

Investor Issues Committee	Advises on policy initiatives that significantly affect individual and institutional investors. The committee also routinely provides comment from an investor-protection perspective on rule proposals and regulatory initiatives that are brought to the FINRA Board.
Large Firm Advisory Committee	Advises on the effect of current and proposed securities rules and regulations on members engaged in retail and institutional brokerage and investment banking activities. Assists in identifying and promoting best practices regarding broker-dealer compliance activities. The committee also routinely provides comment from a large firm ¹ perspective on rule proposals and regulatory initiatives that are brought to the FINRA Board.
Market Regulation Committee	Advises on market regulation and trading issues, and the administration of various FINRA market regulation and trade reporting systems, such as the Trade Reporting Facilities, the Order Audit Trail System (OATS) and the Alternative Display Facility.
Membership Committee	Advises on a wide range of matters of interest and concern to firms, including, but not limited to, providing insight on industry trends, issues and needs regarding regulatory compliance. The committee also routinely provides comment from and represents a cross-section of the securities industry, including medium-size member firms and member firms ² that are independent dealers or are affiliated with insurance companies. The committee routinely reviews rule proposals and regulatory initiatives before they are brought to the FINRA Board.
National Arbitration and Mediation Committee (NAMC)	Advises and makes recommendations regarding recruitment, qualification, training, and evaluation of arbitrators and mediators, as well as recommendations on rules, regulations and procedures that govern the conduct of arbitration, mediation and other dispute resolution matters before FINRA.
Operations Advisory Committee	Advises on securities industry operational trends and their potential impact on products, controls and regulation, as well as global clearance, settlement, data standards and other back-office issues that impact firms and the securities industry.
Public Communications Committee	Advises on matters regarding proposed changes and interpretations to rules governing member communications with the public, as well as the administration of such rules, and advises FINRA staff regarding emerging communications technologies.
Uniform Practice Code (UPC) Committee	Advises on issues relating to the UPC and over-the-counter (OTC) market trading, processing and operations.

To be considered for appointment to any future vacancies on one of FINRA's advisory committees, interested persons should submit an indication of interest through FINRA's online [Engagement Portal](#).

Small Firm Advisory Committee

In addition to the advisory committees listed above, the SFAC provides guidance to FINRA staff, particularly regarding the potential effects of proposed regulatory initiatives on FINRA's small firms, and meets four times a year—primarily in Washington, D.C.—prior to each FINRA Board meeting. SFAC members are expected to attend SFAC meetings in person.

SFAC Composition

The SFAC comprises 10 members—five regional members elected by small firms³ in the five FINRA regions (one from each region) and five at-large members appointed by FINRA. Additionally, the FINRA Board of Governors' Small Firm Governor representatives serve as *ex-officio*, non-voting members of the SFAC.

The five elected regional members represent the following geographic regions:

- ▶ **West** (Districts 1 (San Francisco), 2 (Los Angeles) and 3 (Denver));
- ▶ **Midwest** (Districts 4 (Kansas City) and 8 (Chicago));
- ▶ **South** (Districts 5 (New Orleans), 6 (Dallas) and 7 (Atlanta and Boca Raton));
- ▶ **North** (Districts 9 (Philadelphia and Woodbridge) and 11 (Boston)); and
- ▶ **New York** (District 10 (Long Island and New York)).

A current list of SFAC members is available online [here](#).

SFAC Member Terms

SFAC members serve a three-year term beginning in January of the following year. Once an individual has completed a full three-year elected term, he or she is ineligible to run for re-election for another three years.

SFAC Candidate Eligibility and Nomination

Any senior member of a small firm is eligible to run for a regional seat on the SFAC representing the region in which his or her firm has its main office (as indicated in FINRA records). Senior members of firms include owners, chief executive officers, presidents, chief compliance officers, chief operating officers, the firm's FINOP or individuals of comparable status.

Eligible candidates self-nominate by submitting a completed candidate profile form to FINRA's Corporate Secretary. The profile form includes basic information about a candidate, including a biography and position statement section where voters can learn more about the candidate. There may be only one candidate per firm on each ballot.

SFAC Election Process and Timing

SFAC elections begin in early September when FINRA publishes an *Election Notice* announcing vacancies on the SFAC and soliciting candidate nominations. This *Election Notice* sets forth the procedures for individuals to have their name added to the ballot. Individuals who meet the eligibility requirements will be certified as candidates and included on the ballot. Ballots are mailed in October to the executive representatives of firms eligible to vote in the election, with the voting period concluding in November.

SFAC Member Vacancies to Fill in 2020 (Term January 2021 – December 2023)

- ▶ 1 Elected South Region Representative
- ▶ 1 Elected Midwest Region Representative
- ▶ 2 Appointed At-Large Members

Ad Hoc Committees

FINRA currently has 16 *ad hoc* committees that FINRA staff consults as needed on various issues. *Ad hoc* committee members are generally selected based on their experience with or expertise on a particular topic. Generally, there are no term limits for *ad hoc* committee members. Meeting frequency depends upon FINRA’s consultation needs. More information is available on the *ad hoc* committee [webpage](#).

Committee	Description
Complaints Initiatives Committee (CIC)	Advises FINRA regarding issues and trends relating to Rule 4530’s requirement to report quarterly statistical and summary information regarding written customer complaints. FINRA staff consults with the CIC on changes to Rule 4530, related technology application issues, and <i>Regulatory Notices</i> and frequently asked questions (FAQs) that are published regarding Rule 4530.
FinTech Industry Committee	Provides FINRA, member firms and others with a platform for ongoing dialogue and analysis of FinTech developments, including with respect to their potential impact on FINRA’s investor protection and market integrity objectives. The committee also advises on challenges to the adoption of FinTech-based products or services. In addition, the committee offers opportunities to improve interactions between FinTech firms and FINRA to support innovation that is consistent with FINRA’s investor protection and market integrity objectives and to identify possible FINRA FinTech initiatives.

Firm Element Training Committee	Advises FINRA's E-Learning Program, which maintains a suite of training courses on a range of compliance topics, regarding the development of e-learning courses and their content.
Licensing and Registration Council (LRC)	Advises FINRA's Registration and Disclosure Department regarding broad issues relating to the licensing and registration of financial services firms and their associated persons. Provides a forum for the open discussion of issues relating to Web CRD® and the Investment Adviser Registration Depository (IARD™), and provides recommendations for enhancements of these systems. The LRC also addresses issues regarding FINRA qualification examinations and maintains a Registration and Qualification Sub-Committee to make policy and system recommendations to the larger committee.
Market Surveillance Advisory Group	Provides input to help FINRA evaluate the current level of sophistication of its market surveillance program and to explore innovations in modern financial analysis, quantitative data analysis, data mining, artificial intelligence and machine learning that can be used to enhance FINRA's surveillance capabilities.
Qualification Examination Content Committees (10 Committees)⁴	Advises FINRA's Testing and Continuing Education Department regarding the content of all qualification examinations. Larger committees meet in smaller groups based on content expertise needed at a meeting.
Rule 4210 Committee	Advises FINRA's Credit Regulation Department with respect to the industry's margin and credit practices and issues relating to Rule 4210 (Margin Requirements).

To be considered for appointment to any future vacancies on one of FINRA's *ad hoc* committees, interested persons should submit an indication of interest through FINRA's online [Engagement Portal](#).

FINRA Regional Committees

The FINRA Regional Committee members serve an important role in the self-regulatory process by, among other things:

- ▶ serving on disciplinary panels in accordance with FINRA rules;
- ▶ alerting FINRA to industry trends that could present regulatory concerns; and
- ▶ consulting with FINRA on proposed policies and rule changes.

Serving on Regional Committees allows members to interact with firms from their region, FINRA regional staff and many of FINRA's senior executives. In addition, Regional Committee members routinely speak at annual Region Member Forums. The Region Member Forums are one-day events designed to provide financial professionals associated with FINRA member firms in different regions the opportunity to engage in key discussions with FINRA senior and regional staff, and connect with industry leaders and peers. In addition, the forums include discussions on regulatory initiatives and emerging trends relevant to the financial services industry.

The Regional Committees each meet in person twice per year, and FINRA hosts the Region Member Forums in conjunction with one of those bi-annual meetings. The date and location of each Region Member Forum is posted on FINRA's Conferences and Events [web page](#).

Regional Committee Composition

FINRA has five Regional Committees representing the following geographic regions:

- ▶ **West** (Districts 1 (San Francisco), 2 (Los Angeles) and 3 (Denver));
- ▶ **Midwest** (Districts 4 (Kansas City) and 8 (Chicago));
- ▶ **South** (Districts 5 (New Orleans), 6 (Dallas) and 7 (Atlanta and Boca Raton));
- ▶ **North** (Districts 9 (Philadelphia and Woodbridge) and 11 (Boston)); and
- ▶ **New York** (District 10 (Long Island and New York)).

Each Regional Committee has six elected members from each district within that committee's region, with the exception of the New York Region (discussed below). Regional Committees representing three districts (*i.e.*, the South and West) have 18 members, and Regional Committees representing two districts (*i.e.*, the Midwest and North) have 12 members. The New York Region represents one district (District 10) and is composed of 10 members.

Regional Committee Member Terms

Regional Committee members serve three-year terms beginning in January of each year. There is no limit on the number of terms that a Regional Committee member may serve, except that he or she may serve no more than two full terms consecutively.

Regional Committee Election Process and Timing

The district-level Regional Committee elections begin with a call for candidate nominations in September of each year, when FINRA publishes an *Election Notice* listing the coming year's vacancies for each of FINRA's five Regional Committees. The *Election Notice* details procedures for candidacy. Generally, any eligible individual may be included on the ballot by completing a candidate profile form and submitting it to FINRA's Corporate Secretary. The profile form includes basic information about a candidate, including a biography and position statement section where voters can learn more about the candidate.

Regional Committee Candidate Eligibility and Nomination

All candidates who submit their names and meet the qualifications set forth in the FINRA Regulation By-Laws will be included on their district's ballot. Eligible Regional Committee candidates must:

1. be associated with a FINRA member firm eligible to vote in the FINRA district-level elections for the Regional Committees and registered with the FINRA member firm in the capacity of a branch manager or principal or denoted as a corporate officer of the firm; and
2. work for a FINRA member firm headquartered within the district the member will be representing on the Regional Committee.⁵

Regional Committee Member Vacancies to Fill in 2020 (Term January 2021 – December 2023)

- ▶ 6 Vacancies: West Region
 - ▶ 2 seats – District 1
 - ▶ 2 seats – District 2
 - ▶ 2 seats – District 3
- ▶ 4 Vacancies: Midwest Region
 - ▶ 2 seats – District 4
 - ▶ 2 seats – District 8
- ▶ 6 Vacancies: South Region
 - ▶ 2 seats – District 5
 - ▶ 2 seats – District 6
 - ▶ 2 seats – District 7
- ▶ 4 Vacancies: North Region
 - ▶ 2 seats – District 9
 - ▶ 2 seats – District 11
- ▶ 4 Vacancies: New York Region
 - ▶ 4 seats – District 10

National Adjudicatory Council (NAC)

The NAC is an adjudicatory body that reviews all disciplinary decisions issued by FINRA hearing panels and presides over disciplinary matters that have been appealed to or called for review by the NAC. The NAC also reviews statutory disqualification matters, considers appeals of membership proceedings, considers appeals of requests for exemptions and acts in other proceedings as set forth in the Code of Procedure. In addition, FINRA consults the NAC on rule proposals related to the disciplinary process and recommended changes to the Sanction Guidelines, which address disciplinary fines and sanctions.

The NAC meets four to five times a year, primarily in Washington, D.C. NAC members are expected to attend meetings in person, and will be requested to serve on appeals, which involves reading the record of the case and attending oral argument, and to participate in several conference calls to handle NAC matters.

NAC Composition

The NAC comprises 15 members—seven industry members and eight non-industry members. The seven industry members of the NAC include two small firm, one mid-size firm, two large firm and two at-large industry members. Of the eight non-industry NAC members, at least three are public members.

The FINRA Board appoints non-industry members and at-large industry members from candidates recommended by FINRA's Nominating & Governance Committee (Nominating Committee). The FINRA Board also appoints the small firm, mid-size firm and large firm NAC members who are elected by member firms of the same size. A current list of NAC members is available [online](#).

NAC Member Terms

NAC members serve single four-year terms beginning the January following their appointment. If a NAC member is appointed to fill a vacancy for a term of less than one year, the NAC member may serve a single four-year term following the expiration of the member's initial term.

NAC Member Candidate Eligibility and Nomination

FINRA's Nominating Committee considers candidates for all NAC seats, including the five elected industry member seats that are based on firm size. Nominees must provide to the Corporate Secretary such information as is reasonably necessary to determine the nominee's qualifications to serve as an industry or non-industry member of the NAC.⁶ Industry members are generally associated with a broker-dealer as an employee, officer,

director or controlling person.⁷ In addition, individuals who own more than 5 percent of the equity securities of a broker-dealer, or provide professional services to a broker-dealer or SRO, may also only be eligible for an industry member seat.⁸ Non-industry members include any public member or any other individual who would not qualify as an industry member of the NAC.⁹

To be considered for nomination by the Nominating Committee as a FINRA candidate, interested persons should submit an indication of interest through FINRA's online [Engagement Portal](#).

Eligible individuals who were not nominated for an elected industry vacancy may petition to have their name included on a ballot for election by obtaining petitions in support of their candidacy. Any eligible candidate who submits the requisite number of valid petitions to the Corporate Secretary within the 45-day petition period will be included as a candidate on the appropriate ballot.¹⁰

NAC Election Process and Timing

The NAC election cycle begins in August when FINRA publishes an *Election Notice* announcing the candidates nominated by FINRA's Nominating Committee for a small firm, mid-size firm or large firm NAC member vacancy. This initial *Election Notice* begins a 45-day petition period during which eligible individuals who were not nominated can petition to have their name included on the ballot listing candidates for the election.

At the close of the petition period, the Corporate Secretary reviews all submitted petitions and certifies candidates who obtain the required number of petitions in support of their candidacy. Petition candidates are included on the ballot, along with the Nominating Committee's candidates, which is mailed to firms in October. The voting period concludes in November.

NAC Member Vacancies to Fill in 2020 (Term January 2021 – December 2024)

- ▶ 1 Elected Large Firm NAC Member
- ▶ 1 Elected Small Firm NAC Member
- ▶ 2 Appointed Non-Industry NAC Members

FINRA Board of Governors

The FINRA Board of Governors is the governing body of the corporation and is responsible for overseeing management in the administration of FINRA's affairs and the promotion of FINRA's welfare, objectives and purposes.

FINRA Board Composition

The FINRA Board currently consists of 24 members, including:

- ▶ the Chief Executive Officer of FINRA;
- ▶ 13 Public Governors;
- ▶ one Floor Member Governor;
- ▶ one Independent Dealer/Insurance Affiliate Governor;
- ▶ one Investment Company Affiliate Governor;
- ▶ three Small Firm Governors;
- ▶ one Mid-Size Firm Governor; and
- ▶ three Large Firm Governors.

The Nominating Committee nominates candidates to run for election to fill seven seats on the FINRA Board designated by firm size category—three small firm governors, one mid-size firm governor and three large firm governors. Individuals may also petition to become candidates for these seven elected governor seats. Candidates for these seats are elected by the firms eligible to vote for that category of governorship.

The remaining governors are appointed by the FINRA Board from candidates nominated by the Nominating Committee.

A current list of FINRA Board members is available [online](#).

FINRA Board Member Terms

Governors are appointed or elected for three-year terms and may not serve more than two consecutive terms. If a governor is elected or appointed to fill a vacancy for a term of less than one year, the governor may serve up to two consecutive terms after the expiration of the governor's initial term.

FINRA Board Member Candidate Eligibility and Nomination

FINRA's Nominating Committee considers candidates for all FINRA Board seats, including the seven elected industry member seats that are based on firm size. Nominees must provide to the Corporate Secretary such information as is reasonably necessary to determine the nominee's qualifications to serve as an industry or public governor.¹¹

Industry governors are generally associated with a broker-dealer as an employee, officer, director or controlling person.¹² To be eligible to serve as an elected small firm, mid-size firm or large firm governor, individuals must be registered with a member firm in that firm size category.¹³ The Floor Member Governor must be associated with a member that is a New York Stock Exchange Designated Market Maker or Trading Floor Broker.¹⁴ The Independent Dealer/Insurance Affiliate Governor must be associated with a member which is an independent contractor financial planning member firm or an insurance company, or an affiliate of such a member.¹⁵ The Investment Company Affiliate Governor must be associated with an investment company that has a broker-dealer affiliate or associated with a member affiliated with an investment company.¹⁶

Public governors must not be associated or have a material business relationship with a broker-dealer or an SRO registered under the Securities Exchange Act of 1934 (SEA), other than serving as a public director of such SRO.¹⁷

Candidates who meet the eligibility requirements and are interested in being considered for nomination by the Nominating Committee as a FINRA candidate, may submit an indication of interest through FINRA's online [Engagement Portal](#).

Eligible individuals who were not nominated for an elected industry vacancy may petition to have their name included on a ballot for election by obtaining petitions in support of their candidacy. Any eligible candidate who submits the requisite number of valid petitions to the Corporate Secretary within the 45-day petition period will be included as a candidate on the appropriate ballot.¹⁸

FINRA Board Election Process and Timing

The FINRA Board election begins in May of each year, when FINRA issues an *Election Notice* announcing the upcoming vacancies on the FINRA Board and the Nominating Committee's nominees to fill the vacancies. This initial *Election Notice* begins a 45-day petition period during which eligible individuals who were not nominated may gather petitions to qualify as a candidate.

At the close of the petition period, the Corporate Secretary reviews all submitted petitions and certifies candidates who obtain the requisite number of petitions in support of their candidacy. Petition candidates are included on the proxy, along with any FINRA-nominated candidates, and the proxy is mailed to executive representatives in June or July. The voting period concludes at FINRA's annual meeting, which generally occurs in August.

At times there are partial-term vacancies that need to be filled outside of the annual election cycle described above. Elections to fill partial-term vacancies generally follow the same process described above and conclude at a special meeting of members eligible to vote for that category of governorship. Newly elected and appointed governors filling partial-term vacancies begin their terms immediately upon election or appointment.

Governor Vacancies to Fill in 2020 (Term August 2020 – August 2023)

- ▶ 1 Elected Large Firm Governor
- ▶ 1 Elected Small Firm Governor
- ▶ 4 Appointed Public Governors
- ▶ 1 Appointed Floor Member Governor

FINRA Investor Education Foundation Board of Directors

Established in 2003, the FINRA Investor Education Foundation (FINRA Foundation) is an organization that is a wholly owned subsidiary of FINRA. The FINRA Foundation's mission is to empower under-served Americans with the knowledge, skills and tools to make sound financial decisions throughout life. The FINRA Foundation accomplishes this mission through educational programs and research that help consumers achieve their financial goals and that protect them in a complex and dynamic world. The FINRA Foundation helps people build financial stability, invest for life goals and guard against fraud. The FINRA Foundation's programs address the needs of investors, military service members, lower-income workers and families. Much of this work is accomplished in partnership with organizations that share a deep commitment to the FINRA Foundation's mission. In that regard, the FINRA Foundation empowers its partners by building capacity and nurturing supportive networks that stand ready and well equipped to guide people through life's financial decisions and challenges.

In addition, the FINRA Foundation serves as a repository for data describing the financial capability of U.S. households. It interprets this data and enables research to help decision makers and practitioners advance financial well-being in communities nationwide. The FINRA Foundation also has an active research agenda focusing on financial fraud in America, and it sponsors a variety of studies to help us understand what works when it comes to financial education and protection.

More information on the FINRA Foundation's initiatives can be found on its [website](#).

The FINRA Foundation is governed by the Foundation Board, a Board of Directors that is responsible for the overall management and administration of the FINRA Foundation.

Foundation Board Composition

The Foundation Board must consist of a minimum of three directors, including at least two "public" members as defined by the By-Laws (*i.e.*, not employed by a securities regulator and having no material business relationship with the securities industry). The Chairman of the Foundation Board is the CEO of FINRA. The Foundation Board currently comprises six members: four Non-Public Directors, including FINRA's CEO, and two Public Directors. FINRA may increase the number of directors if deemed desirable.

A list of the current Foundation Board members is available [online](#).

Foundation Board Member Terms

Directors of the Foundation Board hold office for a three-year term or until their respective successors are duly elected and qualified. A director, other than the FINRA CEO serving as Chairman, generally may not serve more than two consecutive terms on the Foundation Board.

Foundation Board Member Candidate Eligibility and Selection Process

FINRA, as the sole member of the FINRA Foundation, elects the FINRA Foundation's directors. Although the Foundation Board does not have a nominating committee, candidates for vacancies on the Foundation Board are identified through recommendations from FINRA management, current and former Foundation directors, FINRA Foundation partners and grantees, and other interested parties (including individuals who express interest in the Foundation Board via FINRA's online Engagement Portal). Candidates must meet the eligibility requirement set forth in the FINRA Foundation's By-Laws for the various seats on the Foundation Board. For example, a Public Director must not be a governor of FINRA and may otherwise have no material business relationship with FINRA, a broker-dealer, or an SRO registered under the SEA (other than serving as a public director of the SRO). To be considered for appointment to any future vacancies on the Foundation Board, interested persons who meet the eligibility requirements should submit an indication of interest through FINRA's online [Engagement Portal](#).

Current Director Vacancies (Term January 2020 – December 2022)

- ▶ 2 Public Directors

Director Vacancies to Fill in 2020 (Term January 2021 – December 2023)

- ▶ 1 Public Director
- ▶ 2 Non-Public Directors

Attachment:

- ▶ Summary of Appointed and Elected Positions

Endnotes

- 1 A large firm employs 500 or more registered person. See FINRA By-Laws, Article I(y).
- 2 A mid-size firm employs at least 151 and no more than 499 registered persons. See FINRA By-Laws, Article I(cc).
- 3 A small firm employs at least one and no more than 150 registered persons. See FINRA By-Laws, Article I(ww).
- 4 The 10 committees comprise the Series 14 – Compliance Officer Committee; Series 16/86/87 – Research & Supervisory Analyst Committee; Series 23/24/26/39 – Principal Examinations Committee; Series 27/28 – FinOp Principal Committee; Series 4/9/10 – Sales Supervisor/ Options Principal Committee; Series 57 – Securities Trader Committee; Series 6/7/22/82 – Sales Representative Committee; Series 79 – Investment Banking Committee; Series 99 – Operations Professional Committee; and the SIE – Securities Industry Essentials.
- 5 A candidate must be working from where the FINRA member firm is headquartered. A FINRA member is headquartered where it designates its main address on the member’s Form BD. See FINRA Regulation By-Laws, Article VIII, Sec. 8.2(a) (2).
- 6 FINRA Regulation By-Laws, Article V, Section 5.4.
- 7 FINRA Regulation By-Laws, Article I(w).
- 8 *Id.*
- 9 FINRA Regulation By-Laws, Article I(dd).
- 10 FINRA Regulation By-Laws, Article VI, Section 6.2.
- 11 FINRA By-Laws, Article VII, Section 9(d).
- 12 FINRA By-Laws, Article I(t).
- 13 FINRA By-Laws, Article I(z), (dd) and (xx).
- 14 FINRA By-Laws, Article I(n).
- 15 FINRA By-Laws, Article I(r).
- 16 FINRA By-Laws, Article I(w).
- 17 FINRA By-Laws, Article I(tt).
- 18 FINRA By-Laws, Article VII, Section 10.

Summary of Appointed and Elected Positions

	FINRA Board	NAC	Regional Committees	SFAC	Other Advisory Committees	Ad hoc Committees	Foundation Board
Term Length	3-year terms. 2 consecutive term limit.	4-year terms. 1 consecutive term limit.	3-year terms. 2 consecutive term limit.	3-year terms. 1 consecutive term limit.	Membership reviewed annually and refreshed as needed. No term limits.	Membership refreshed as needed. No term limits.	3-year terms. 2 consecutive term limit.
Size and Composition	24 members (including seat designated for CEO) Appointed positions: <ul style="list-style-type: none"> • 13 Public Governors • 1 Floor Member Governor • 1 Independent Dealer/Insurance Affiliate Governor • 1 Investment Company Affiliate Governor Elected positions: <ul style="list-style-type: none"> • 3 Small Firm Governors • 1 Mid-Size Firm Governor • 3 Large Firm Governors 	15 members Appointed positions: <ul style="list-style-type: none"> • 8 Non-Industry NAC Members, including 3 Public NAC Members • 2 At-Large Industry NAC Members Elected positions: <ul style="list-style-type: none"> • 2 Small Firm Members • 1 Mid-Size Firm Member • 2 Large Firm Members 	Committee size varies based on number of Districts included within Region. (Each District has six seats on its respective Regional Committee, other than District 10 which has 10 seats on the New York Region Committee.)	10 members Appointed positions: <ul style="list-style-type: none"> • 5 members Elected positions: <ul style="list-style-type: none"> • 5 members 	Committee size varies. All advisory committee members (except for the elected SFAC representatives) are appointed.	Committee size varies. All <i>ad hoc</i> committee members are appointed.	8 members All Foundation Directors are appointed.

	FINRA Board	NAC	Regional Committees	SFAC	Other Advisory Committees	Ad hoc Committees	Foundation Board
Timing	<p>Appointed positions: The Nominating Committee generally nominates candidates in July for appointment to terms beginning at FINRA's Annual Meeting in August.</p> <p>Elected positions: Nominees and petition procedures announced in May; election begins in July and concludes in August.</p>	<p>Appointed positions: The Nominating Committee considers candidates for appointed positions on the NAC in July.</p> <p>Elected positions: Nominees and petition procedures announced in August; election begins in October and concludes in November.</p>	<p>Elected positions: Self-Nomination procedures announced in September. Election begins in October and concludes in November.</p>	<p>Appointed positions: The Board considers candidates for the 5 appointed positions on the SFAC in December to fill terms beginning in January.</p> <p>Elected positions: Self-Nomination procedures announced in September. Election begins in October and concludes in November.</p>	<p>Advisory committee membership is reviewed annually by management and the Board.</p>	<p>Positions are filled as new committees are established and as needed.</p>	<p>Candidates generally appointed in December to terms beginning in January of the following year.</p>
Candidate Eligibility	See specific requirements set forth above for the various positions.						
How to become a nominee for an appointed position	If interested in being nominated or considered for any of the appointed positions on the <i>ad hoc</i> committees, advisory committees, NAC, FINRA Board or Foundation Board, individuals may submit an indication of interest through FINRA's online Engagement Portal .						

	FINRA Board	NAC	Regional Committees	SFAC	Other Advisory Committees	Ad hoc Committees	Foundation Board
How to become a nominee for an elected position	Nomination by the FINRA Nominating Committee or Submit the requisite number of valid petitions in support of his or her nomination by the petition due date.	Nomination by the FINRA Nominating Committee or Submit the requisite number of valid petitions in support of his or her nomination by the petition due date.	Every individual who submits a Candidate Profile Form and meets the eligibility requirements will be included on the ballot.	Every individual who submits a Candidate Profile Form and meets the eligibility requirements will be included on the ballot.		All seats are appointed.	
Firm Voting Eligibility	Firms are eligible to vote for one of the candidates running for a seat in the same size category as their own firm.	Firms are eligible to vote for one of the candidates running for a seat in the same size category as their own firm.	Firms are eligible to vote for candidates running for the seat on the Regional Committee corresponding to the district in which the firm is headquartered.	FINRA small firms are eligible to vote for candidates running for the SFAC seat representing the region corresponding to the district to which they are assigned in CRD.		Not applicable as all seats are appointed.	