

# Special Notice

## 2021 Advisory Committee Overview and Engagement Notice

### 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 promotes vibrant capital markets. The purpose of this *Notice* is to encourage employees of member firms and other interested parties with diverse skills, backgrounds, perspectives, and experiences who will provide innovative feedback and support FINRA's mission of investor protection and market integrity, to become involved in these committees. Interested individuals should use FINRA's [Engagement Portal](#) to submit an online form to be considered for future committee vacancies.

Questions concerning this *Notice* may be directed to:

- ▶ Jennifer Piorko Mitchell, Vice President and Deputy Corporate Secretary, at (202) 728-8949 or [jennifer.mitchell@finra.org](mailto:jennifer.mitchell@finra.org); or
- ▶ Kayte Toczylowski, Vice President, Member Relations and Education, at (215) 209-7087 or [kayte.toczylowski@finra.org](mailto:kayte.toczylowski@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, FINRA is able to involve the industry and stakeholders more directly in its deliberations and thus benefit from 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.

FINRA encourages the involvement of its member firms and engagement with its stakeholders through its advisory committees, which provide feedback on rule proposals, regulatory initiatives and industry issues; and, *ad hoc* committees, which are created by various departments on specific subject-matter issues. The responsibilities of the various committees are discussed below.

March 26, 2021

### Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

In addition, FINRA is committed to promoting greater representation of underrepresented minorities and women across the industry, and is seeking to increase the representation of underrepresented minorities and women on its advisory and *ad hoc* committees, with the goal of better understanding and engaging traditionally underinvested communities and representing the needs of all investors. Individuals interested in being considered for positions on these committees should submit an indication of interest through FINRA's [Engagement Portal](#).

## Advisory Committees

FINRA currently has [12 advisory committees](#) (listed below) 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: Small Firm Advisory Committee (SFAC),<sup>1</sup> Membership Committee, Large Firm Advisory Committee<sup>2</sup> and the Investor Issues Committee. The remaining eight 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 of Governors (FINRA Board) related to their areas of 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; however, 50 percent of SFAC members are elected. An upcoming *Election Notice* will provide an overview of FINRA's annual election process, including the SFAC election.

Information on the advisory committees, including a detailed description of each committee, composition, and a list of current committee members, is available on the advisory committee [webpage](#).

<b>Committee</b>	<b>Description</b>
<b>Clearing Firm Advisory Committee (CFAC)</b>	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.
<b>Corporate Financing Committee</b>	Advises on regulatory and public policy issues arising from firms' capital-raising activities.
<b>Economic Advisory Committee (EAC)</b>	Advises on academic research and macroeconomic developments that may impact FINRA's regulatory programs. EAC members present original research and discuss economic developments to better inform FINRA initiatives.
<b>Financial Responsibility Committee</b>	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.
<b>Fixed Income Committee</b>	Advises on regulatory initiatives, rules, policies and public policy issues involving debt securities, including municipal securities and municipal advisory activity.
<b>Investor Issues Committee</b>	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.
<b>Large Firm Advisory Committee</b>	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 perspective on rule proposals and regulatory initiatives that are brought to the FINRA Board.
<b>Market Regulation Committee</b>	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 and the Alternative Display Facility.

<p><b>Membership Committee</b></p>	<p>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<sup>3</sup> and member firms 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.</p>
<p><b>National Arbitration and Mediation Committee (NAMC)</b></p>	<p>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.</p>
<p><b>Small Firm Advisory Committee (SFAC)</b></p>	<p>Ensures that issues of particular interest and concern to small firms are effectively communicated to and considered by FINRA; also routinely reviews rule proposals and regulatory initiatives before they are brought before the FINRA Board.</p>
<p><b>Uniform Practice Code (UPC) Committee</b></p>	<p>Advises and makes recommendations on issues relating to the UPC and over-the-counter market trading, processing and operations.</p>

## Ad Hoc Committees

FINRA departments also create specific subject-matter *ad hoc* committees to consult on various issues. 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. The composition of the committees and their meeting frequency depends upon FINRA’s consultation needs related to the subject matter. More information is available on the *ad hoc* committee [webpage](#).

Committee	Description
<b>Complaints Initiatives Committee (CIC)</b>	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.
<b>Continuing Education Content Committee</b>	Advises on content development for Regulatory Element training and the FINRA E-Learning Program, which maintains a suite of training courses on a range of compliance topics.
<b>FinTech Industry Committee</b>	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.
<b>Licensing and Registration Council (LRC)</b>	Advises FINRA’s Credentialing, Registration, Education 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.

<p><b>Market Surveillance Advisory Group</b></p>	<p>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.</p>
<p><b>Public Communications Committee</b></p>	<p>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.</p>
<p><b>Qualification Examination Content Committees (10 Committees)<sup>4</sup></b></p>	<p>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.</p>
<p><b>Rule 4210 Committee</b></p>	<p>Advises FINRA with respect to the industry’s margin and credit practices and issues relating to Rule 4210 (Margin Requirements).</p>

## Endnotes

- 1 A small firm employs at least 1 and no more than 150 registered persons. See FINRA By-Laws, Article I(ww).
- 2 A large firm employs 500 or more registered persons. See FINRA By-Laws, Article I(y).
- 3 A mid-size firm employs at least 151 and no more than 499 registered persons. See FINRA By-Laws, Article I(cc).
- 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.