

Special Notice

FINRA Encourages Engagement in Advisory Committees

February 27, 2024

Summary

FINRA, as a self-regulatory organization, is informed by and benefits from the expertise of industry and other stakeholders. As such, FINRA has multiple committees that facilitate effective engagement with member firms and representatives of the public regarding regulatory and policy initiatives related to FINRA's mission of promoting market integrity and investor protection. The purpose of this *Notice* is to promote involvement by member firms' employees and other interested parties with diverse skills, backgrounds, perspectives, and experiences to become involved in these committees and provide innovative feedback and support FINRA's mission. Interested individuals should use FINRA's [Engagement Portal](#) to submit an indication of interest to be considered for future committee vacancies.

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Questions concerning this *Notice* may be directed to:

- ▶ Jennifer Piorko Mitchell, Vice President and Deputy Corporate Secretary, at (202) 728-8949 or [via email](#); or
- ▶ Kayte Toczykowski, Vice President, Member Relations and Education, at (215) 209-7087 or [via email](#).

Background

FINRA engages with member firms, investors and other stakeholders to cultivate deep expertise in the securities industry to ensure the markets work for everyone. As a self-regulatory organization, FINRA engages the industry and stakeholders more directly in its deliberations and thus benefits from expertise on relevant matters, such as various firm business models and how their operation, the complex and rapidly evolving securities markets in which they trade, and the concerns of the wide range of investors they serve. Leveraging the expertise of the member firms we regulate and other stakeholders, helps FINRA understand and react quickly to market events, enhance our regulatory programs, and tailor our rulemaking and other initiatives to meet regulatory objectives efficiently and consistent with supporting innovative and vibrant capital markets.

FINRA encourages the involvement by 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). More than 190 industry members and 40 non-industry members serve on these committees.

FINRA is committed to ensuring that its committees provide a variety of perspectives by including all firm sizes and business models and individuals with diverse backgrounds, education, cultures, thinking styles and perspectives. Interested individuals should use FINRA's [Engagement Portal](#) to submit an indication of interest to be considered for future committee vacancies. Liaisons for individual committees review submissions and contact qualified individuals when opportunities to serve on committees are available.

The responsibilities of these committees are discussed below.

Advisory Committees

FINRA currently has [13 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 of Governors (FINRA Board): the Small Firm Advisory Committee¹ (SFAC), Membership Committee, Large Firm Advisory Committee² (LFAC) and the Investor Issues Committee. The remaining advisory committees provide feedback on issues related to specific subject matters and provide comment on regulatory initiatives and rule proposals related to their areas of expertise being presented to the FINRA Board.

Non-industry members primarily serve on committees such as the Economic Advisory Committee, Investor Issues Committee, Market Regulation Committee, Industry Diversity Advisory Committee, and National Arbitration and Mediation Committee. The advisory committees meet between two and five times per year and committee members are expected to regularly attend and be prepared to participate in all meetings.

FINRA's advisory committee membership is reviewed annually by both management and the FINRA Board,³ which consider each committee member's relevant expertise, in addition to diversity of the geographic location, size and business model of each committee to ensure appropriate composition and representation. Advisory committee members may serve up to two consecutive three-year terms. The term limits help ensure that the perspectives and backgrounds of committee members are refreshed and to increase opportunities for those interested in serving.

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

Committee	Description
Clearing Firm Advisory Committee	Advises and makes recommendations on issues arising from member firms' activities relating to the clearance, carrying and settlement of securities, including issues and practices 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. Committee members typically have capital markets, investment banking, and legal and regulatory compliance experience and are familiar with underwriting terms and distribution arrangements in public and private securities offerings. The committee provides FINRA with industry perspectives on offerings of corporate equities, debt, closed-end investment companies, real estate investment trusts and direct participation programs, and related regulatory requirements.
Economic Advisory Committee (EAC)	Advises on economic, market and industry developments that may impact FINRA's regulatory programs. EAC members provide insight on a range of issues related to FINRA's mission of investor protection and market integrity, including discussing academic research to better inform FINRA's initiatives.
Financial Responsibility Committee	Advises and makes recommendations primarily about FINRA and SEC 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 and makes recommendations on regulatory initiatives, rules, policies and public policy issues involving debt securities, including municipal securities and municipal advisory activity.
Industry Diversity Advisory Committee	Advises and makes recommendations, in support of FINRA's commitments to supporting diversity, equity and inclusion (DEI) in the financial services industry, with respect to the impact of FINRA proposals, initiatives and programs. The committee also works collaboratively with FINRA members and others to increase DEI in the financial services industry to better serve all investors.

<p><u>Investor Issues Committee</u></p>	<p>Advises on policy initiatives that significantly affect individual and institutional investors. The committee also provides comment from an investor perspective on rule proposals and regulatory initiatives that are brought to the FINRA Board.</p>
<p><u>Large Firm Advisory Committee</u></p>	<p>Advises on the effect of current and proposed rules and regulations on members engaged in retail and institutional brokerage and investment banking. 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.</p>
<p><u>Market Regulation Committee</u></p>	<p>The committee advises FINRA on market regulation and trading issues. The committee provides input and perspective on proposed rule changes and other initiatives relating to quotations, executions, trade reporting, short sales and trading practices. Committee members also provide input on the administration of various FINRA market regulation and trade reporting systems, such as the Trade Reporting and Compliance Engine (TRACE), the Trade Reporting Facilities, as well as national market system plans, such as the Consolidated Audit Trail (CAT) Plan.</p>
<p><u>Membership Committee</u></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 firms⁴ 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><u>National Arbitration and Mediation Committee</u></p>	<p>Advises and makes recommendations regarding recruitment, qualification, training, and evaluation of arbitrators and mediators, as well as rules, regulations and procedures that govern the conduct of arbitration, mediation and other dispute resolution matters before FINRA.</p>

Small Firm Advisory Committee	<p>Ensures that issues of particular interest and concern to small firms are effectively communicated to and considered by FINRA; also reviews rule proposals and regulatory initiatives before they are brought before the FINRA Board.</p>
Uniform Practice Code (UPC) Committee	<p>Advises and makes recommendations to FINRA on issues relating to the UPC and over-the-counter (OTC) market trading, processing and operations. For example, the committee considers issues related to the clearance and settlement of OTC securities transactions, FINRA’s rule series on Clearly Erroneous Transactions and UPC corporate actions processing issues.</p>

Ad Hoc Committees

FINRA departments also may create specific subject-matter *ad hoc* committees to consult on various issues as FINRA staff identifies a need. Committee members are generally selected based on their experience with or expertise on a particular topic. 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
<p>Complaints Initiatives Committee (CIC)</p>	<p>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 the rule, related technology issues, and <i>Regulatory Notices</i> and frequently asked questions (FAQs) regarding the rule.</p>
<p>FinTech Industry Committee</p>	<p>Provides FINRA, member firms and others with a platform for ongoing dialogue and analysis of FinTech developments, including their potential impact on FINRA’s investor protection and market integrity objectives; challenges to the adoption of FinTech-based products or services; opportunities to improve interactions between firms and FINRA to support innovation consistent with FINRA’s mission.</p>

<p>Licensing and Registration Council (LRC)</p>	<p>Advises FINRA's Credentialing, Registration, Education and Disclosure (CRED) Department regarding industry trends, best practices, and challenges relating to the licensing and registration of financial services firms and their associated persons. LRC 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 committee also provides feedback on CRED's operations, industry offerings and strategic plan.</p>
<p>Public Communications Committee</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>Rule 4210 Committee</p>	<p>Advises FINRA with respect to the industry's margin and credit practices. FINRA's staff consults with the committee regarding issues and changes relating to Rule 4210 (Margin Requirements), the rule's interpretations and other related margin regulations including Regulation T.</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 person. See FINRA By-Laws, Article I(y).
3. The FINRA Board appoints all of the advisory committee members, with the exception of the SFAC; 50 percent of its members are elected. An upcoming *Election Notice* will provide an overview of FINRA's annual election process, including the SFAC election.
4. A mid-size firm employs at least 151 and no more than 499 registered persons. See FINRA By-Laws, Article I(cc).