

How FINRA Serves Investors and Members

As a not-for-profit, self-regulatory organization (SRO) with an 85-year history, FINRA pursues its mission of promoting investor protection and ensuring market integrity in many ways:

- ✓ FINRA actively engages member firms (more than 3,250 member firms with more than 625,000 registered representatives) to create compliance resources such as [templates](#), [checklists](#), [report cards](#) and other [tools](#) and [resources](#) that help members develop policies, procedures and programs that ultimately protect investors.
- ✓ FINRA writes rules for its member firms, conducts [examinations](#), monitors the markets, and [enforces](#) FINRA and Municipal Securities Rulemaking Board rules, and federal securities laws. FINRA orders restitution for harmed investors and removes bad actors that put both investors and member firms at risk.
- ✓ FINRA offers [conferences](#), [meetings](#) and [educational resources](#) responding to the real-world compliance challenges and questions identified by members.
- ✓ FINRA provides services that benefit members, markets and investors. For example:
 - FINRA operates services like [BrokerCheck](#) and the [Central Registration Depository](#), the central licensing and registration system for the U.S. securities industry and its regulators.
 - FINRA's [TRACE](#) platform has brought unprecedented transparency to transactions in corporate bonds and other fixed-income instruments.
 - FINRA operates a [dispute resolution forum](#) for securities-related arbitrations and mediations for members and their customers.
- ✓ FINRA provides extensive investor education and offers various investor resources — like its [Helpline for Seniors](#) — to provide direct, practical assistance to investors.

Advantages of an SRO

- ✓ **Raising the standard of conduct.** As an SRO, FINRA has established ethics requirements and detailed business conduct rules that can deter dishonest and unfair practices.
- ✓ **Not taxpayer funded.** As an SRO, FINRA is funded by member firms and other sources, which eliminates the need for government expenditures.
- ✓ **Positioned to move quickly.** Since SROs are independently funded, FINRA is able to adapt quickly to market changes and develop technology systems to enable efficient oversight and support critical regulatory work.
- ✓ **Access to expertise.** As an SRO, FINRA involves member firms by asking for their feedback on rule proposals, regulatory initiatives and industry issues and, thus, benefits from their expertise.
- ✓ **Focused on continuous improvement versus profits.** As a not-for-profit SRO, fines collected are reinvested in FINRA's work and are not distributed as dividends.

Checks and Balances

As an SRO, FINRA's governance is designed to ensure that its Board of Governors, committees and staff operate independently, and in the public interest:

- ✓ FINRA is overseen by a majority-public [Board of Governors](#) with other seats held by industry Governors and FINRA's CEO. The public Governors must have no material business relationship with a broker-dealer or registered SRO. Industry Governors must represent broker-dealer member firms with a range of sizes and business models, including representatives elected by member firms.
- ✓ FINRA's extensive committee structure includes [advisory committees](#), [regional committees](#) and [ad hoc committees](#) that play an important role in the development of rules and other initiatives by, among other things, providing feedback to proposals and identifying emerging regulatory concerns.
- ✓ FINRA, which is authorized by Congress, is subject to robust oversight by Congress and the Securities and Exchange Commission. The Government Accountability Office is required to review the SEC's oversight of FINRA every three years. And FINRA's rules are subject to review and approval by the SEC, generally following a public comment period.
- ✓ FINRA is transparent about its activities and finances, with publicly available reports on its budget, financial performance and use of fine monies. Governed by FINRA's Financial Guiding Principles, FINRA's use of fine monies is accounted for separately and approved by the Board of Governors only for specified purposes.