

FINRA<sup>®</sup>

2025

**Annual  
Financial  
Report**

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## A Message From the President and CEO, and the Chief Financial and Administrative Officer

This 2025 Annual Financial Report—presented in accordance with U.S. generally accepted accounting principles (U.S. GAAP)—and FINRA’s previously published [2025 Annual Budget Summary](#) describe how we managed our finances in 2025 to support our mission of protecting investors and safeguarding market integrity in a manner that facilitates vibrant capital markets. FINRA’s Board of Governors (Board), which consists of both member firm and public representatives, approves all major financial decisions for the organization, including its annual budget, and periodically reviews and reaffirms its [Financial Guiding Principles](#).

### Financial Operations in 2025

FINRA reported net income of \$252.8 million in 2025, compared to net income of \$99.6 million in 2024, an increase of \$153.2 million year over year. Our net income was driven by the performance of our reserve portfolio, with investment returns—including interest, dividends, and net realized and unrealized gains—contributing \$222.2 million to total net income. Our reserve portfolio gained 8.8 percent in 2025.

Our operating income increased in 2025 primarily due to higher trading volume (driving an increase in Trading Activity Fees) and higher industry revenues (driving an increase in Gross Income Assessment fees), offset by \$150 million in rebates to member firms (discussed further below).

After giving effect to the rebates, our operating revenues increased \$43.5 million, or 2.7 percent, year over year.

In 2025, 17 percent of our operating revenue related to compensation for services provided to other regulators, and FINRA's fees as a percentage of member firm revenues were the lowest they have been in the past 15 years.



Our operating expenses declined by \$5.6 million, or less than 1 percent. FINRA initiated a strategic realignment in 2025 as part of our efforts to enhance the efficiency and effectiveness of our operations. Among other changes, this realignment included a voluntary buyout for staff; the consolidation of Enforcement, Member Supervision and Market Oversight functions into a new Regulatory Operations department; the consolidation of certain market services and utility functions into a new Market & Regulatory Services department; a focus on leveraging innovative technology throughout our regulatory program; and other organizational changes and enhancements, which are described in our [2026 Budget Summary](#). Portions of the strategic realignment continue to be carried out in 2026. While the 2026 Budget Summary describes a resulting decrease in anticipated operating expenses of roughly 10 percent from our 2025 budget, our 2025 results reflect the related increased compensation and benefit expenses driven by one-time separation pay.

A number of factors drive financial results in any particular year. Consistent with our Financial Guiding Principles and FINRA's status as a not-for-profit membership organization, FINRA targets break-even cash flows over time and an appropriate level of reserves to support our regulatory mission. Accordingly, FINRA's Board reviews FINRA's financial outcomes on a regular basis to consider whether current revenues, expenses and reserve levels warrant any changes to its longer-term

financial planning. Consistent with that approach, in 2025 FINRA's Board approved two rebates totaling \$150 million to member firms, which are reflected in the 2025 financial results. The Board will continue to monitor actual financial performance and reserve levels during 2026 and is prepared to take additional steps if conditions warrant, which could include further fee rebates, reducing future fees in a manner that preserves FINRA's ability to support our mission, or investing in our operations to continue to meet the demands of the modern marketplace.

The key drivers of our 2025 financial performance are discussed more fully in the report. It is important to note that, consistent with U.S. GAAP and prior years' reports, the financial results in the report incorporate the activities of FINRA's consolidated subsidiaries, including the income and expenses of FINRA CAT, LLC in its role as the plan processor for the Consolidated Audit Trail, and the FINRA Investor Education Foundation. In comparison, the Annual Budget Summary noted above relates solely to FINRA and not its subsidiaries.

Our previously published [Report on Use of 2025 Fine Monies](#) describes the projects that were supported by 2025 fine monies. In accordance with our Financial Guiding Principles, FINRA allocates fine monies only for specific purposes—such as investor education and capital initiatives that enable improved oversight of and compliance by member firms—and only with the approval of the FINRA Board.

FINRA remains committed to funding our mission of protecting investors and safeguarding market integrity in a manner that facilitates vibrant capital markets. We continue to welcome comments or suggestions from our member firms and other stakeholders regarding our financial and transparency initiatives.



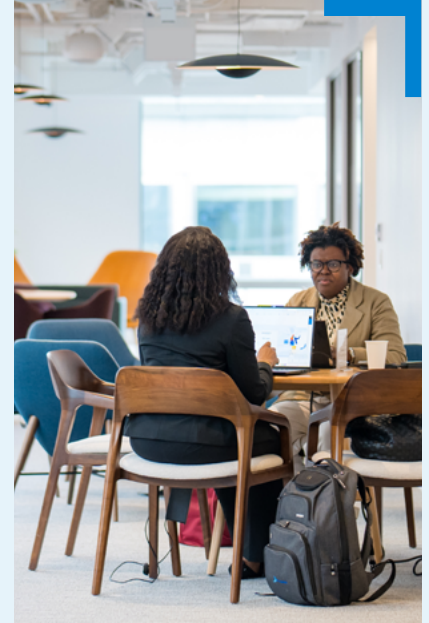
**Robert W. Cook**  
President and Chief Executive Officer



**Jeff Kalinowski**  
Executive Vice President, Chief  
Financial and Administrative Officer

## About FINRA

The Financial Industry Regulatory Authority, Inc. (FINRA) is a private not-for-profit self-regulatory organization (SRO) dedicated to protecting investors and safeguarding market integrity so that everyone can invest with confidence. FINRA oversees its approximately 3,200 member firms and their 630,000 registered persons in accordance with the Securities Exchange Act of 1934 (Exchange Act) and related rules adopted by the U.S. Securities and Exchange Commission (SEC).



Under the framework established by Congress, FINRA's regulatory program is designed to complement the SEC's oversight of broker-dealers and the securities markets. The SEC oversees broker-dealers by requiring registration under the Exchange Act; establishing broad policies to guide securities market structures, managing systemic risks through financial responsibility requirements; and overseeing FINRA and other SROs in the fulfillment of their responsibilities under the Exchange Act. FINRA in turn is the frontline regulator for broker-dealers, providing day-to-day oversight backed by extensive engagement with member firms and other market participants; real-time market monitoring for potential misconduct, and proactive support for member firms' own compliance operations.

## The Value of Self-Regulation

Continuing a tradition of self-regulation that goes back over 200 years, FINRA benefits from the expertise of our member firms by asking for their perspectives on potential rule changes, regulatory initiatives, market developments and industry issues. FINRA's regulatory approach is informed by this engagement with our member firms, as well as engagement with investors, trade associations and other interested parties.

FINRA deploys extensive expertise and sophisticated technology to protect America's vital securities markets, in ways that no one member firm can do on its own. At no cost to taxpayers, FINRA establishes and enforces "rules of the road" that govern the activities of member firms and their associated persons; provides critical market

and regulatory services to member firms and the wider marketplace; and empowers investors with knowledge, information and skills for financial success. FINRA also performs cross-market surveillance for equities, options and fixed-income markets to identify manipulation and other misconduct by monitoring billions of daily market events.

As an SRO, FINRA seeks out and benefits from input from our member firms. FINRA engages with our member firms on rulemaking, operations and administrative processes. Member firms serve on our advisory, regional and ad hoc committees, working groups, roundtables and the Board. Firm representatives can also serve as adjudicators in certain disciplinary matters.

## Commitment to Financial Accountability and Transparency

As a membership organization, FINRA is committed to financial accountability and transparency. FINRA publishes extensive information regarding how we manage our resources to fulfill our mission, including an annual Audited Financial Report, an annual summary of the Board-approved budget and an annual report on the use of fine monies. Each of these publications is available on our [website](#) and together provide a comprehensive picture of FINRA's revenues, operating expenses and spending on strategic initiatives.

FINRA's Board of Governors (Board), which consists of both member firm and public representatives, approves all major financial decisions for the organization, including its annual budget, and periodically reviews and reaffirms its [Financial Guiding Principles](#) (Principles). These Principles govern how we fund our mission, manage expenses, maintain reasonable fees and sustain appropriate reserves. They state that, as a not-for-profit



*FINRA Board of Governors*

organization, we target break-even cash flows that allow us to appropriately fund our mission, and we fund operating expenses primarily through operating revenues.

FINRA's funding primarily comes from regulatory fees paid by member firms, use-based fees for specific services and data we provide to those firms and the public in support of our regulatory mission, and fees paid by other regulators for regulatory services that FINRA provides pursuant to contract. All new fees or changes to existing fees must be approved by FINRA's Board and filed formally with the SEC pursuant to the statutory SRO rule filing process created by Congress, which publishes the filings on its website and in the Federal Register for public comment.

As an SRO registered under federal law, FINRA is accountable to Congress and the SEC. FINRA is subject to congressional oversight, and the Government Accountability Office audits the SEC's oversight of FINRA. FINRA also is subject to comprehensive SEC examination and oversight of our budget, governance, compensation and regulatory program.

**Additional information about how FINRA is organized, funded and carries out its mission is available in the [About FINRA page](#) of our website.**

In 2025, we advanced our mission to

# Protect Investors and safeguard the integrity of our vibrant Capital Markets.

Oversaw

**630,000+**  
**REGISTERED REPRESENTATIVES**



at approximately  
**3,200 FIRMS**

Administered

**322,000+**  
**QUALIFICATION EXAMINATIONS**



Representative- and  
Principal-Level Exams  
**97,000+**

Securities Industry  
Essentials Exams  
**117,000+**

Other Exams—including NFA,  
MSRB, NASAA and NYSE  
**108,000+**

including:

Processed

**884.9B**  
**MARKET EVENTS**  
on average every day

Performed

**Cross Market Surveillance For** **26 SROs** | **35** operating equities & options exchanges

Conducted

**970**  
**RISK-BASED MEMBER FIRM EXAMS**

Conducted

**6,500+**  
**CAUSE EXAMINATIONS OR INVESTIGATIONS\***



Received, reviewed and assessed

**~15,000**  
**INVESTOR COMPLAINTS**  
involving *Third Parties*



Published

**49**  
**INVESTOR INSIGHTS ARTICLES** at [FINRA.org/investors](https://finra.org/investors)



Processed

**1.65 Million**  
**FORM U4/U5 FILINGS**  
documenting industry registrations, terminations and amendments

Published Insights

from the **Sixth Cohort**  
of the **NATIONAL FINANCIAL CAPABILITY STUDY**

based on a study commissioned by *FINRA Investor Education Foundation*

\* Data includes examinations and investigations in progress as of Dec. 31, 2025, and does not include cases that have been referred to Enforcement.

In 2025, FINRA brought meaningful

# Enforcement Actions

to correct wrongdoing, deter misconduct, and remove bad actors that threaten investors and markets.

*Referred*

**1,729 cases to the SEC,  
OTHER REGULATORS OR LAW ENFORCEMENT**  
*related to potential fraud, insider trading or other misconduct.*

*Suspended*

**235**

**INDIVIDUALS**



*Barred*

**187**

**INDIVIDUALS**

*Restitution Ordered*

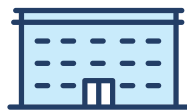
**\$17.1 Million**

**IN TOTAL**

*Suspended*

**4**

**FIRMS**



*Expelled*

**1**

**FIRM**

# 2025 marked the launch of FINRA Forward,

an initiative helping FINRA adapt to transforming markets while protecting investors and safeguarding market integrity.

Below are three key FINRA Forward initiatives and examples of our progress under each.

**Modernizing oversight** through updated rules and guidance.

»»» We are reviewing, updating and enhancing **FINRA rules, guidance** and **processes** to modernize requirements, facilitate innovation and eliminate unnecessary burdens.

Completed Over

**30 UPDATES TO RULES AND GUIDANCE**



*more than half related to rule modernization*

**Empowering compliance** by strengthening support for member firms.

»»» We are enhancing how we support member firm compliance to better protect investors and safeguard market integrity.

- **Enhanced tools** to help firms detect and resolve issues before they escalate.

- Expanded the **Rapid Remediation Program** to help firms address potentially systemic issues sooner through informal resolution rather than later through formal regulatory reviews.

Published

**240K REPORT CARDS ON 35 TOPICS**

**602 REMEDIATED ALERTS**

**Supporting resilience** through expanded cybersecurity and fraud prevention efforts.

»»» We are expanding our **cybersecurity** and **fraud prevention** activities that support member firms to help them better protect themselves and investors from harm.

- Launched the **Cyber & Operational Resilience (CORE)** program to detect vendor-related threats, systemic technology failures and emerging cyberattack patterns.

**70% OF FIRMS RECEIVED**



*at least one alert in 2025*

- Identified more than **550 imposter websites** purporting to represent FINRA-registered representatives and member firms.

FINRA's progress over the first year is described in the FINRA Forward Report, published in May 2026.

# Management Report on Operations

A description of FINRA’s statutory responsibilities, as well as its responsibilities under contract for certain exchanges, can be found in Note 1, “*Organization and Nature of Operations*,” to the consolidated financial statements.

## FINANCIAL HIGHLIGHTS

Our consolidated financial statements and the financial information presented in this Management Report are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Under U.S. GAAP, we are required to adopt accounting principles and make estimates and judgments to develop amounts reported in the consolidated financial statements and accompanying notes. As such, this Management Report should be read in connection with the consolidated financial statements and accompanying notes included elsewhere in this Annual Financial Report. The 2025 consolidated financial statements reflect the activities of FINRA and its consolidated subsidiaries, collectively referred to as “we,” “our,” “us,” “FINRA” or the “Company” throughout this Management Report. As of and for the years ended December 31, 2025 and 2024, FINRA’s significant consolidated subsidiaries were FINRA Regulation, Inc. (FINRA REG), FINRA CAT, LLC (FINRA CAT) and FINRA Investor Education Foundation (Foundation).

We describe our significant accounting policies in Note 2, “*Summary of Significant Accounting Policies*,” Note 3, “*Revenue from Contracts with Customers*,” Note 5, “*Fair Value Measurement*,” and Note 6, “*Employee Benefits and Liabilities*,” to the consolidated financial statements.

## Summary of Operations

The following table provides a summary of our financial results for the two years ended December 31, 2025.

<b>(\$ in millions)</b>	<b>2025</b>	<b>2024</b>
Operating revenues (net of member firm rebates of \$150.0 in 2025 and \$0 in 2024)	\$ 1,663.0	\$ 1,619.5
Fines and other	77.6	65.4
Net revenues	1,740.6	1,684.9
Expenses	(1,715.6)	(1,721.2)
Interest and dividend income	83.0	63.5
Operating income	108.0	27.2
Net realized and unrealized investment gains	139.2	72.4
Other income	5.6	—
Net income	\$ 252.8	\$ 99.6

We reported net income of \$252.8 million in 2025 versus net income of \$99.6 million in 2024, an increase of \$153.2 million year over year. Our 2025 net income was mainly driven by the performance of our reserve portfolio, with investment returns—including interest and dividend income and net realized and unrealized investment gains in the table above—contributing \$222.2 million, along with \$25.0 million in other operating income (net revenues less expenses).

In 2025, our revenues grew while our expenses declined. Revenues increased due to a combination of higher-than-anticipated trading activity and elevated industry revenues, which was offset by member firm rebates issued by our Board. The increase in revenues along with interest and dividend income sufficiently funded our expenses, which decreased by less than one percent for the year.

A more detailed look at our operating results follows.

## Management Report on Operations (continued)

### OPERATING REVENUES

Regulatory revenues, such as the Trading Activity Fees (TAF), Gross Income Assessment (GIA), Personnel Assessment (PA) and Branch Office Assessment, consistently represent the majority of FINRA's operating revenues annually. User revenues—transparency services, registrations, qualification examinations, dispute resolution, FINRA-sponsored educational programs and conferences, and reviews of advertisements, corporate filings and disclosures—typically represent approximately one-quarter of FINRA's operating revenues annually. Contract services revenues, representing less than one-quarter of FINRA's operating revenues annually, primarily arise from FINRA CAT's role as the Consolidated Audit Trail (CAT) Plan Processor and from performing regulatory services under contract for exchanges.

Percentage of Operating Revenue by Type 2025 vs. 2024



FINRA's operating revenues for 2025 increased \$43.5 million or 2.7 percent, primarily driven by an increase in regulatory and user revenues of \$32.1 million and \$39.1 million, respectively, offset by a decrease in contract services revenues of \$27.7 million. The table below presents our operating revenues by line item for each of the years ended December 31, 2025 and 2024:

<i>(\$ in millions)</i>	2025	2024
Regulatory, net	\$ 990.9	\$ 958.8
User	386.5	347.4
Contract services	285.6	313.3
<b>Total</b>	<b>\$ 1,663.0</b>	<b>\$ 1,619.5</b>

Regulatory revenues, net. The increase in regulatory revenues was attributable to higher TAF, due to higher-than-anticipated trading activity year over year, and GIA, due to an unanticipated increase in industry revenues, offset by \$150 million in member firm rebates paid or approved by the Board in 2025.

User revenues. The increase in user revenues was primarily the result of an increase in initial public offering activity (corporate financing fees), coupled with an increase in our regular advertising review fee effective January 1, 2025.

Contract services revenues. The decrease in contract services revenues was primarily attributable to lower fees assessed related to our role as the CAT Plan Processor.

## Management Report on Operations (continued)

### EXPENSES

Our expenses are primarily driven by employee-related costs, as we seek to attract, develop and retain talented staff, particularly in the highly specialized areas of financial regulation and technology, to enable FINRA to carry out its regulatory mandate in today's ever-changing environment. Employee compensation and benefits are FINRA's largest expense, representing approximately two-thirds of total expenses annually. Information regarding FINRA's compensation philosophy can be found in the accompanying Compensation and Human Capital Committee Report of this 2025 Annual Financial Report. FINRA's headcount decreased from approximately 4,200 employees as of December 31, 2024, to approximately 3,700 employees as of December 31, 2025, as a result of FINRA's 2025 Voluntary Buy Out (VBO) program and other strategic realignment efforts, following the Voluntary Incentive Plan (VIP) in 2024. We include a description of the VBO and VIP in Note 6, "Employee Benefits and Liabilities" to the consolidated financial statements.

Percentage of Expenses by Type 2025 vs. 2024



Expenses for 2025 decreased \$5.6 million or 0.3 percent, primarily due to decreases in cloud computing and software (\$21.5 million), and general and administrative expenses (\$19.0 million), offset by an increase in compensation and benefits (\$39.9 million). The remaining expenses were essentially flat year over year. The table below presents our operating expenses by line item for each of the years ended December 31, 2025 and 2024:

(\$ in millions)	2025	2024
Compensation and benefits	\$ 1,137.9	\$ 1,098.0
Professional and contract services	220.2	229.3
Cloud computing and software	216.3	237.8
General and administrative	63.1	82.1
Occupancy	45.3	42.2
Depreciation and amortization	32.8	31.8
<b>Total</b>	<b>\$ 1,715.6</b>	<b>\$ 1,721.2</b>

Compensation and benefits. The increase in compensation and benefits expenses was due to the increase in special termination benefits from the VBO program and other strategic realignment efforts as referenced in the message from the Chief Executive Officer (CEO) and Chief Financial and Administrative Officer (CFAO) at the beginning of this annual financial report.

Cloud computing and software. A reduction in data usage coupled with the implementation of cost savings measures under our enterprise customer agreement with a third-party vendor, primarily related to FINRA CAT's role as the CAT Plan Processor, drove the decline in cloud computing and software expenses.

General and administrative. Planned reductions in travel and meetings costs and lower credit loss adjustments during the year led to lower general and administrative expenses.

# Management Report on Operations (continued)

## INVESTMENT RETURNS

Traditionally, FINRA has relied on its reserve portfolio to support its operating budget as needed in any given year and as a source for funding strategic initiatives. FINRA's reserve portfolio gained 8.8 percent in 2025.

Additional information regarding the reserve portfolio, strategy and returns can be found in the accompanying Investment Committee Report of this 2025 Annual Financial Report. Descriptions of the nature of and accounting for FINRA's investments are described in Note 2, "*Summary of Significant Accounting Policies*," and Note 4, "*Investments*," to the consolidated financial statements.

## RESTITUTION AND FINES

One of FINRA's tools for achieving investor protection and market integrity is vigorous, fair and effective enforcement of our member firms' compliance with applicable securities laws and rules.

When a member firm and its individual brokers engage in misconduct, obtaining restitution for harmed customers is our highest priority, when possible. FINRA may order restitution when an investor has suffered a quantifiable loss due to misconduct. The calculation of restitution is based on the actual amount of the harm investors sustain as demonstrated by evidence. We ordered \$17.1 million in restitution to harmed investors during 2025. We assess restitution separately from fines, and we sometimes bring cases where the only monetary sanction is restitution. Restitution is payable to the harmed party and has no effect on our financial position.

When a member firm or registered representative engages in misconduct, we also assess whether a sanction (*e.g.*, a fine, a suspension, and in cases of serious misconduct, bars from FINRA membership) should be imposed to discourage similar conduct by the firm, registered representative or others. FINRA bases sanctions on the facts of each case and considers any aggravating and mitigating factors, with sanction determinations guided by FINRA's *Sanction Guidelines* and recent settlements that are similar in nature. The National Adjudicatory Council (NAC), which is composed of industry and non-industry members, continues to maintain FINRA's *Sanction Guidelines* for use by the various bodies adjudicating FINRA disciplinary decisions, including Hearing Panels and the NAC itself, in determining appropriate remedial sanctions. FINRA publishes the *Sanction Guidelines* so that member firms, associated persons and their counsel may become more familiar with the types of disciplinary sanctions that may be applicable to various violations.

FINRA's operating budget does not include fines, and these monies are not considered in determining employee compensation and benefits. Consistent with our Principles, FINRA's operating budget for any given year assumes there are no fine monies available that year to support capital or other initiatives.

The total amount of fines in 2025 was \$77.6 million, an increase of \$11.6 million from the prior year.

The Board or Finance Committee may authorize the use of fine monies for the following purposes:

- capital/initiatives or non-recurring strategic expenditures;
- education, compliance resources and training;
- capital initiatives required by new legal, regulatory or audit requirements; or
- replenishing reserves in years where such reserves drop below levels reasonably appropriate to preserve FINRA's long-term ability to fund its regulatory obligations.

In accordance with the Principles, in April 2026, FINRA issued a separate detailed report covering all uses of fine monies in 2025.

# Management Report on Operations (continued)

## BALANCE SHEET

Our focus is to ensure a balance sheet that positions FINRA to fulfill our regulatory obligations and mission in today's continually evolving markets. To that end, our balance sheet remains strong, with net assets of approximately \$2.0 billion as of December 31, 2025, and \$1.8 billion as of December 31, 2024. FINRA maintained working capital (excluding fines, restricted cash and our consolidated limited partnership, as described in Note 4, "Investments") of \$1.4 billion as of December 31, 2025, and \$1.2 billion as of December 31, 2024. Our working capital and cash ratios (excluding fines, restricted cash and our consolidated limited partnership) were 2.82 and 2.59 as of December 31, 2025, respectively, compared to 2.00 and 1.68, as of December 31, 2024, respectively. The year-over-year change in FINRA's working capital and cash ratios was primarily driven by surplus cash from operations, a portion of which was used to fund member firm rebates in March 2026.

## ASSETS

The largest portion of FINRA's total assets is cash (including restricted cash and cash equivalents) and investments, consistently representing approximately 80 percent of total assets annually. The value of our investments is impacted by fluctuations in the market as well as changes in individual security prices. From December 31, 2024, to December 31, 2025, total assets decreased \$154.9 million or 4.7 percent, due primarily to the 2025 SEC activity assessment rate decrease, resulting in a decrease in net receivables (\$221.5 million). This decrease was offset by increases in net property and equipment (\$18.3 million), cash and investments (\$17.7 million), operating lease assets (\$16.2 million) and other assets (\$14.4 million). The table below presents our assets by line item for each of the years ended December 31, 2025 and 2024:

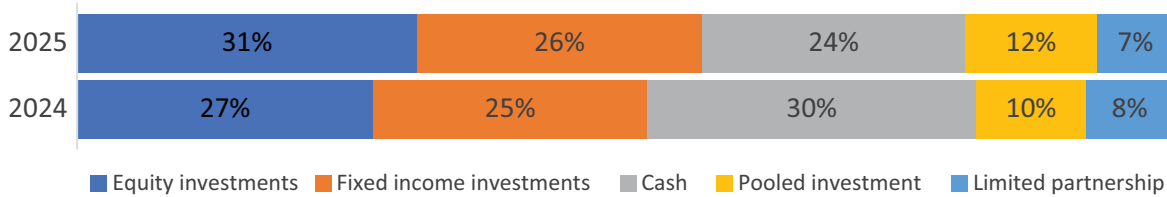
<i>(\$ in millions)</i>	2025	2024
Cash and investments	\$ 2,545.3	\$ 2,527.6
Operating lease assets	163.8	147.6
Other	145.3	130.9
Property and equipment, net	141.6	123.3
Receivables, net	130.1	351.6
<b>Total</b>	<b>\$ 3,126.1</b>	<b>\$ 3,281.0</b>

Cash and investments. Cash and investments increased due to surplus cash from operations—a portion of which we used to fund member firm rebates in March 2026—and investment returns of 8.8 percent. Offsetting these increases was a decrease in SEC activity assessment fund levels due to the lower SEC fee rates—decreasing from \$27.8 to \$0 per million dollars in transactions—effective May 15, 2025. FINRA assesses regulatory transaction fees in accordance with prescribed SEC fee rates, and we remit these activity assessment fees to the U.S. Department of Treasury semiannually, typically in March and September. Accordingly, balances of cash, activity assessment fee receivable and payable fluctuate year over year from changes in activity volumes and SEC fee rates. Further details regarding the SEC fees we assess can be found in the notes to the consolidated financial statements. Descriptions of the nature of and accounting for FINRA's investments are included in Note 2, "Summary of Significant Accounting Policies," and Note 4, "Investments," to the consolidated financial statements.

# Management Report on Operations (continued)

## ASSETS (continued)

Cash and Investments by Type 2025 vs. 2024



Operating lease assets. Operating lease assets increased primarily due to the lease-term extension and targeted office space expansion in Boca Raton, Florida, as well as new leased office space in Tysons Corner, Virginia.

Property and equipment, net. Leasehold improvements in our Chicago, Illinois, office primarily drove the increase in property and equipment.

Receivables, net. Receivables decreased primarily due to the lower SEC fee rates mentioned in “Cash and investments.”

Other assets. The increase in other assets was driven by an increase in our net pension asset, due primarily to pension plan investment performance during the year, offset by normal plan service and interest costs and a curtailment loss related to the VBO.

## LIABILITIES

Total liabilities decreased \$419.4 million or 27.7 percent, due primarily to decreases in activity assessment fee payable (\$673.4 million) and other liabilities (\$10.3 million), offset by increases in accounts payable and accrued expenses (\$159.5 million), accrued personnel and benefit costs (\$38.3 million), operating lease liabilities (\$29.4 million), deferred revenue (\$23.9 million), and deposits and renewals (\$14.1 million). The year-over-year change in accrued pension and other postretirement was not considered material. The table below presents our liabilities by line item for each of the years ended December 31, 2025 and 2024:

<i>(\$ in millions)</i>	2025	2024
Accrued personnel and benefit costs	\$ 320.5	\$ 282.2
Operating lease liabilities	236.6	207.2
Accounts payable and accrued expenses	218.1	58.6
Deferred revenue	107.4	83.5
Deposits and renewals	97.5	83.4
Accrued pension and other postretirement	76.6	77.5
Other	35.5	45.8
Activity assessment fee payable	—	673.4
<b>Total</b>	<b>\$ 1,092.2</b>	<b>\$ 1,511.6</b>

Accrued personnel and benefit costs. Increases in special termination benefits resulting from the VBO program and other strategic realignment efforts, and investment performance related to our non-qualified benefit plans for officers and executives led to an increase in accrued personnel and benefits.

Operating lease liabilities. The previously mentioned lease-term extension and targeted office space expansion in Boca Raton, Florida, as well as new leased office space in Tysons Corner, Virginia, were the primary drivers of the increase in operating lease liabilities.

Accounts payable and accrued expenses. The accrued member rebate, as well as an increase in operational funds collected on behalf of CAT LLC, led to an increase in accounts payable and accrued expenses.

# Management Report on Operations (continued)

## LIABILITIES (continued)

Deferred revenue. Branch office and registered representative fee increases, effective January 1, 2026, drove the increase in deferred revenue, as these fees were received in December 2025 as part of the annual renewal program and will be amortized and recorded ratably throughout 2026.

Deposits and renewals. An increase in deposits into our Central Registration Depository (CRD®) system, due in large part to the January 1, 2026, fee increases mentioned above, was the primary driver of the increase in our deposits and renewals.

Other liabilities. A decrease in investments payable led to the decrease in other liabilities. Investments payable relate to security trades and other investment purchases executed on or prior to the balance sheet date, but not yet settled, as we follow trade-date accounting. Year-end balances fluctuate based on the timing and amount of pending investment activity.

Activity assessment fee payable. The previously mentioned SEC assessment fee rate decrease during 2025 drove the decrease in our activity assessment fee payable.

## LIQUIDITY AND CAPITAL RESOURCES

Liquidity is the efficiency or ease with which an asset or security can be converted into ready cash without affecting its market price. Liquidity management involves forecasting funding requirements and maintaining sufficient working capital to meet business needs and accommodate fluctuations in asset and liability levels due to changes in business operations or unanticipated events. We primarily rely on operating cash flows to fund current and future operations.

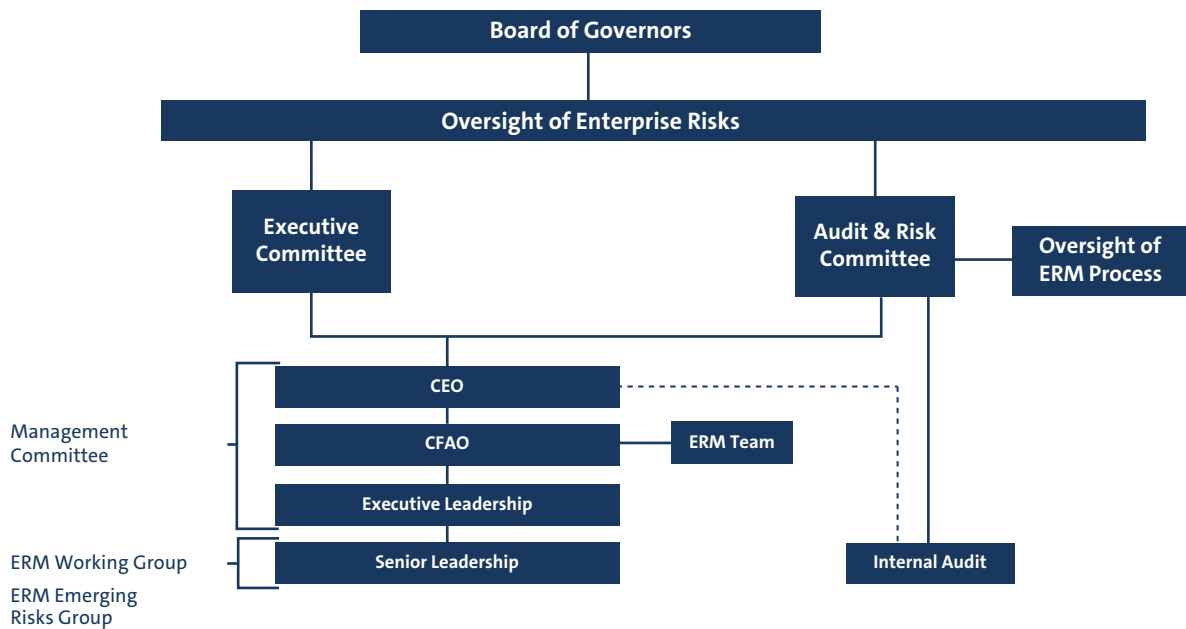
We maintained a seasonal unsecured line of credit agreement that was available to us from March 1, 2025, to May 31, 2025, from which we borrowed \$140 million, and renewed from March 2, 2026, to May 31, 2026, from which we borrowed \$120 million. The line of credit provides us with a mechanism to fund operations prior to the annual billing of the GIA and PA in April, and the subsequent receipt of those funds, without having to incur the costs associated with short-term redemptions from the reserve portfolio during this period. As of December 31, 2025 and December 31, 2024, no amounts were outstanding under this line of credit.

The reserve portfolio is governed by an investment policy that outlines the degree of risk deemed appropriate for FINRA assets by the Board and policies designed to guard against any potential conflicts of interest. FINRA's Investment Committee, whose members generally have extensive background and experience in the investment community, provides overall guidance and advice in determining the appropriate investment policy and allocation for the reserve portfolio. As of December 31, 2025, 76 percent of our reserve portfolio is available on a daily basis. Additional information regarding the reserve portfolio can be found in the accompanying Investment Committee Report of this 2025 Annual Financial Report.

# Management Report on Operations (continued)

## ENTERPRISE RISK MANAGEMENT

FINRA’s Enterprise Risk Management (ERM) program is designed to provide a consolidated, organization-wide view of the risks that FINRA faces in achieving its mission, strategic goals and key business objectives. The program covers a broad spectrum of risks in various categories, such as strategic, operational, legal and compliance, and financial, and provides transparency for senior management and the Board regarding FINRA’s enterprise-level risks and how FINRA manages them. The chart below shows the governance structure FINRA has in place to oversee and manage enterprise risks.



The Board oversees the ERM program, with oversight of the ERM process delegated to the Audit and Risk Committee and the primary oversight for enterprise risks assigned to the Board, with support by the Executive Committee or other Board committees and working groups, as the need arises.

The Management Committee, composed of the CEO, the CFAO and other senior executives across FINRA, provides executive support and oversight of ERM. Additionally, an ERM Working Group comprising senior managers across the organization provides fresh perspectives on FINRA’s enterprise risks in support of ERM. The ERM Emerging Risks Group complements the ERM Working Group, providing insights on market trends and emerging risks. FINRA’s Internal Audit Department supports the ERM program in an advisory capacity.

# Management Report on Operations (continued)

## **CYBER AND INFORMATION SECURITY**

FINRA operates a comprehensive security program designed to mitigate cyber and physical information security threats and ensure compliance with applicable data privacy laws and regulations. Our program is based upon industry best practices, federal and international standards, and data privacy laws and regulations. FINRA's ERM program assesses cybersecurity, information security breach and data privacy risks.

FINRA's information security practices and operational controls include leading practices, such as real-time monitoring and alerting of security events, encryption of data in-transit and at-rest, vendor security assessments and monitoring, asset hardening and patching, fine-grained access controls, network and host intrusion protection, and denial of service attack mitigation. We also leverage industry-standard threat management methods to continuously evaluate the threats facing FINRA, the impact of those threats, and the controls needed to mitigate the probability and impact of the threats.

FINRA's adoption of cloud technology provides numerous benefits, such as access to best-of-breed security solutions made available by the cloud provider's scale of operations. Another benefit is our ability to use micro-segmentation—putting each server into a security zone of one—which dramatically reduces attack surface area. Cloud technology also enables us to focus on the automation and tools necessary to raise the compliance bar and simplify controls.

FINRA information technology systems are subject to numerous mandatory and voluntary inspections including, but not limited to, the following:

- frequent vulnerability scans covering all facets of our information technology infrastructure, including network devices, servers, storage subsystems, operating systems and server software (such as web servers and databases);
- application code analysis and security testing using automated scans, dynamic testing and manual attack techniques to identify application-level vulnerabilities;
- periodic independent third-party perimeter, telecom and application penetration tests, application security assessments, and a bug bounty program;
- recurring reviews of cybersecurity dashboards and vulnerabilities at each Audit and Risk Committee meeting;
- an internal controls program with regular effectiveness evaluations to ensure accuracy and integrity of financial reporting;
- regular inspections conducted by the SEC;
- an annual Service Organization Control (SOC) 2 Type II certification;
- periodic independent third-party cyber program and governance assessments; and
- risk-based audits by our Internal Audit department.

# Investment Committee Report

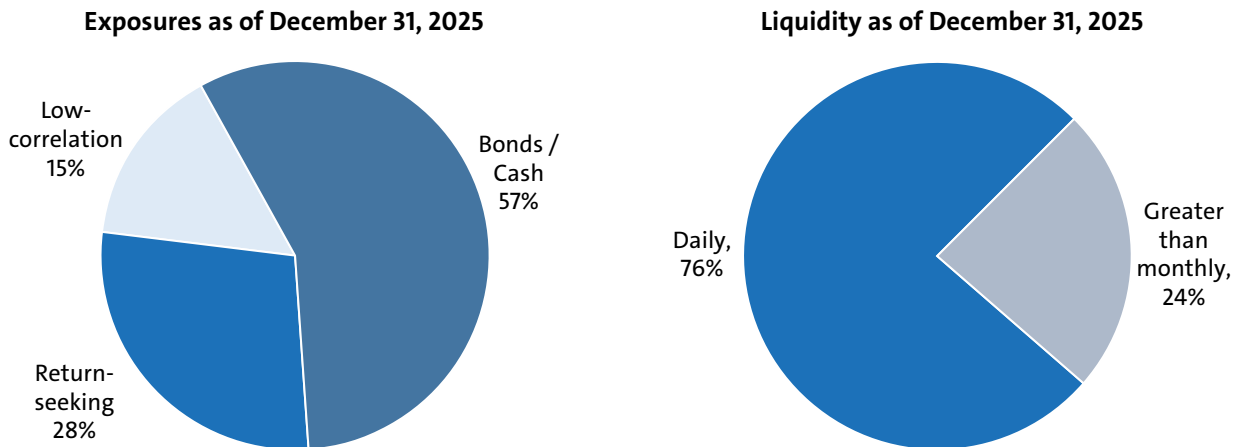
Year Ended December 31, 2025

FINRA’s reserve portfolio\* is a pool composed of both long-term investments and short-term operating cash assets principally created with proceeds from the sale of FINRA’s interests in Nasdaq, which started in 2000 and was completed in 2006. The purpose of the reserve portfolio is to support FINRA’s efforts to fulfill its mission by serving as a source of funding for strategic or unanticipated initiatives and by making annual operating budget contributions as needed. Anticipated distributions from the reserve portfolio are subject to approval by the Board of Governors (Board) and may be used to defer member fee increases or make up cash flow losses, among other uses.

The Board is responsible for FINRA’s reserve portfolio and approves the charter that guides the FINRA Investment Committee (the Committee). The Committee, a standing committee of FINRA, is composed of members of the Board and other outside investment professionals that advise the Board and provide guidance in determining the appropriate policies, guidelines, and allocations for FINRA’s investments. The FINRA Investment Office is responsible for management of the investments within the framework of the investment policies. FINRA engages investment consultants to support the Investment Office.

FINRA invests its reserve portfolio with the objective of creating a conservative, reasonably liquid, low-volatility portfolio designed to deliver low-to-moderate returns over the long-term to help ensure we fulfill our regulatory responsibilities and further our mission. FINRA’s Board-approved investment policy consists of a core portfolio of bonds and stocks with an additional allocation to strategies designed to further reduce risk and lower the correlation to capital markets. The policy maintains ample portfolio liquidity while remaining consistent with FINRA’s long-term risk and return objectives, as determined by the Board. In 2025, the reserve portfolio gained 8.8 percent, driven by robust stock and bond market performance.

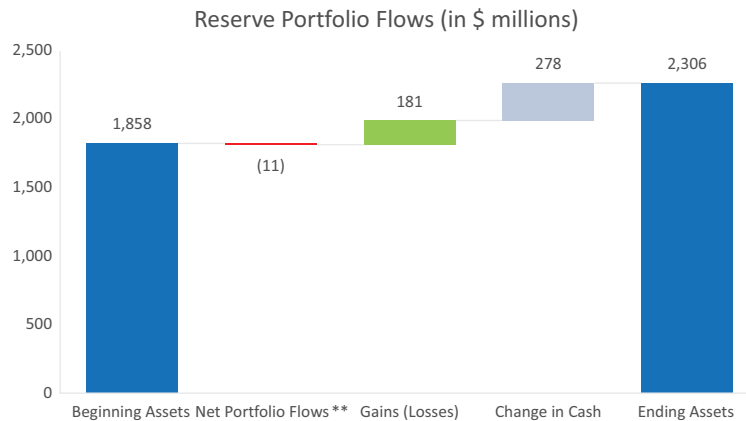
The charts below show portfolio exposures and general liquidity as of December 31, 2025. Primary exposures are 57 percent bonds/cash, 28 percent return-seeking investments and 15 percent low-correlated assets.



\* For the purposes of this Investment Committee report, FINRA’s reserve portfolio includes the FINRA and FINRA Investor Education Foundation’s investments, net of their investment-related receivables and payables on the consolidated balance sheet. The values reported exclude activity assessment fees received but not yet remitted to the U.S. Department of Treasury, FINRA member firm deposits and GASB fees remitted to the Financial Accounting Foundation.

## Investment Committee Report (continued)

FINRA has established a series of Financial Guiding Principles that include a goal of maintaining a reserve balance equal to at least one year of expenditures. The portfolio increased in assets due to surplus cash from operations—a portion of which we used to fund member firm rebates in March 2026—and investment gains, bringing ending assets to \$2.3 billion. The chart below highlights portfolio asset flows in 2025.



FINRA has an Investments Conflicts of Interest Policy that establishes the standards governing the separation of investment activities and decisions from FINRA's regulatory operations. FINRA selects third-party investment managers who make all implementation decisions with respect to the reserve portfolio. When FINRA utilizes separately managed accounts, because direct ownership of individual securities exists, all securities in the banking and brokerage sectors are held in a blind trust. This prevents any knowledge of or participation in the making of such investments by any FINRA regulatory personnel, and to avoid any appearance of a conflict of interest with FINRA's responsibilities. Our limited partnership interests and investments in public and private funds represent ownership interests in pooled vehicles in which FINRA has neither management discretion nor direct ownership of the underlying investments.

The oversight and management of the reserve portfolio is performed by the Committee and limited to essential staff only, so that no individual in the regulatory arm of the organization has access to information regarding the securities within our reserve portfolio.

Members of the Investment Committee:

George (Gus) Sauter, Chair  
 Peggy Ho  
 John Thiel  
 Tom Tull  
 Jennifer Urdan  
 John Vaccaro

June 26, 2026

\*\* Net portfolio flows include investment portfolio purchases and withdrawals exclusive of cash investments. Investment gains and losses include both realized and unrealized capital gains, along with interest and dividends earned from portfolio and operating cash investments. Change in cash includes changes in the operating cash balance due to revenue and expense flow activity.

# Audit and Risk Committee Report

Year Ended December 31, 2025

The Audit and Risk Committee (the Committee) of the Board of Governors (Board) ensures the existence of adequate controls and the integrity of FINRA's financial reporting process in accordance with the Charter adopted by the Board. The Committee recommends to the Board, and monitors the independence and performance of, the independent registered public accountant (IRPA) retained as the outside audit firm by FINRA. The Committee also directs and oversees all the activities of FINRA's internal audit function, FINRA's Ombuds function and FINRA's compliance with applicable legal and regulatory requirements and corporate policies. In addition, the Committee assists the Board in its oversight of FINRA's enterprise risks.

Each member of the Committee is an independent director as defined by the U.S. Securities and Exchange Commission's (SEC) Rule 10A-3 under the Securities Exchange Act of 1934, Listing Standards Relating to Audit Committees. In addition, the Committee and Board have determined that Derrick A. Roman is an audit committee financial expert, as defined by the SEC.

The Committee's Charter and the By-Laws of FINRA require that the Chief Audit Executive is directly accountable to the Committee. In all material respects, the Charter complies with standards applicable to publicly owned companies.

Additionally, the Charter gives the Committee responsibility for monitoring the independence of the IRPA, recommending the appointment of the IRPA for approval by the Board, ensuring sufficient scope of IRPA activities to perform an adequate financial statement audit and ensuring the IRPA is fairly and appropriately compensated for its effort. The Charter makes clear that the IRPA is accountable to the Committee and the Board, as representatives of the members and the public. In addition, the Committee discusses significant areas of the audit engagement with the IRPA, with and without management present, as needed.

In discharging its oversight responsibility, the Committee reviewed the assessments of audit risk and the audit plans of both the independent and internal auditors. The Committee also discussed with management, the internal auditors, and the IRPA the quality and adequacy of FINRA's internal controls and the internal audit organization, responsibilities, budget and staffing.

In conducting its formal annual assessment of the IRPA, the Committee considerations include, but are not limited to, the following factors: (i) the independence and objectivity of the IRPA; (ii) the most recent performance survey results, and the IRPA's response; (iii) the quality and experience of the engagement team; (iv) the regular rotation of key audit leadership roles; (v) the timeliness of the IRPA in escalating issues and reporting results to the Committee; (vi) reasonableness of audit cost; (vii) Public Company Accounting Oversight Board (PCAOB) inspection results, and the IRPA's response; and (viii) the ongoing strength of the independent audit firm's reputation.

Ernst & Young LLP (EY) has served as FINRA's auditor since 1986. The lead audit partner, having primary responsibility for the audit, rotates off the engagement after a period of no more than five years, and the Committee is involved in the selection of the lead audit partner. The current lead audit partner was appointed in July 2025.

## Audit and Risk Committee Report (continued)

The Committee obtained written affirmation from EY that no matters were identified that would impair its independence. The Committee has reviewed and approved all services, including non-audit services, performed by EY for FINRA and the associated fees before initiation of each engagement. We have summarized such services and fees in the following table:

	2025	2024 (1)
Audit services (2)	\$1,307,500	\$1,170,823
Audit-related services (3)	910,200	616,340
Tax services (4)	165,300	159,180
<b>Total</b>	<b>\$2,383,000</b>	<b>\$1,946,343</b>

- (1) FINRA has updated the 2024 fees from the prior year's report to reflect final amounts paid for the 2024 approved services.
- (2) For 2025 and 2024, audit services represent the consolidated financial statement audit.
- (3) Audit and attest services provided in 2025 and 2024 to FINRA and subsidiaries. Systems and organization controls report services to FINRA were added in 2023 and carried into 2024 at a reduced rate. A baseline fee was established in 2025.
- (4) Tax services represent fees related to tax return preparation and review services in connection with the 2025 and 2024 Form 990s and related Form 990-Ts, as well as other tax compliance, advice and planning.

The Committee discussed and reviewed with the IRPA all communications required by applicable professional standards. Further, the Committee has reviewed and discussed with management and EY, with and without management present, the audited consolidated financial statements as of December 31, 2025, and EY's report on the consolidated financial statements. Based on those discussions, the Committee recommended to the Board that FINRA's audited consolidated financial statements be included in the annual report for the year ended December 31, 2025.

Members of the Audit and Risk Committee:

Derrick A. Roman, Chair  
 Erin Baskett  
 Tim Carter  
 Samir M. Deshpande  
 Maureen Jensen

June 26, 2026

# Compensation and Human Capital Committee Report

Year Ended December 31, 2025

The Compensation and Human Capital Committee (the Committee) of the Board of Governors (Board) oversees FINRA's compensation and benefit policies, programs, and practices, with the primary focus of attracting, developing, and retaining high performing individuals capable of achieving FINRA's mission. The Committee reviews FINRA's talent acquisition and employee engagement strategies, employee retention programs and plans for development, retention, and succession of FINRA's senior executives.

FINRA's compensation philosophy is a pay-for-performance model that seeks to achieve pay levels in line with the competitive market while meeting the objectives of attracting, developing, and retaining high-performing individuals who are capable of achieving our mission, and to provide rewards commensurate with individual contributions and FINRA's overall performance. This philosophy applies to employees at all levels within the organization. FINRA is committed to attracting and retaining talent through offerings of programs and services in addition to compensation. FINRA focuses on employee well-being and provides a supportive workplace that encourages career enhancement and professional growth.

FINRA strives to be competitive with the external market when establishing pay rates and annual incentives. A number of highly respected survey sources published by major compensation consulting firms are leveraged to determine the market for benchmark jobs. To determine whether compensation is competitive, this benchmark data is compared to the compensation paid to FINRA staff occupying comparable roles. Ultimately, in assessing the compensation for staff positions, FINRA considers the pay practices of the external market while also ensuring that FINRA is paying equitably for skills, expertise and performance.

Defining the relevant market comparators for compensation benchmarking can be a challenge for FINRA due to the scarcity of natural comparators, the uniqueness of functions performed and related specialized expertise required, and the dynamic environment involving work that can have significant external impact.

As part of its compensation philosophy, FINRA has determined that its competitive compensation positioning should be considered primarily against a broad section of financial services organizations, as this sector of firms is the most likely group for recruiting talent by FINRA, as well as a group likely to recruit talent away from FINRA. FINRA also benchmarks to technology, legal, and general industry comparators where applicable. Proxy filings and executive compensation data from other regulatory filings may be used for market benchmarking for certain executive positions.

The Committee considers a range of market data, by position, when considering pay decisions for certain key executives. Other factors that can influence compensation decisions include individual and organizational performance, internal equity, skills and experiences, criticality of role, and attraction and retention challenges among other factors.

FINRA acknowledges that it cannot provide fully competitive opportunities, particularly stock-based incentives and other forms of equity, when compared to certain firms within the securities and investment industries, consulting firms, and law firms. As a result, the compensation philosophy may reflect or offset the lack of long-term incentives at FINRA.

# Compensation and Human Capital Committee Report (continued)

In determining a benchmarking strategy for key executives, the Committee and its compensation consultant (discussed below) engaged in substantial research and consideration of the functions and operations of several potential comparators as well as general competitive conditions. Ultimately, the Committee approved a benchmarking process for key executives that focused on the following sources:

- For certain key positions, a peer group composed of a blend of financial services organizations, financial industry support organizations, and government sponsored entities; and
- Financial services industry survey data, including broker-dealers, banks and insurance companies, and public exchanges.

The Committee will routinely review the aforementioned sources in determining annual salary and incentive compensation.

The Committee, which is composed solely of public members of the Board, is responsible for reviewing and recommending to the Board for approval, employment agreements (including base salary, incentive compensation and benefits) for the Chief Executive Officer (CEO). The Committee reviews and approves the base salaries and incentive compensation recommended by the CEO for his or her Executive Vice President level direct reports. In determining salary and incentive compensation, management and the Committee consider operational, strategic and financial factors in addition to individual performance. Compensation and benefit decisions are not based on fines.

The Committee has the sole right and responsibility to hire and terminate a compensation consultant. The Committee engaged Meridian Compensation Partners, LLC (Meridian), an independent third-party compensation consultant, to prepare a compensation study, which included objective analysis of current compensation levels and benchmarking using information from comparable segments of the market for key executives. To ensure the independence of Meridian:

- Meridian reported directly and exclusively to the Committee;
- No Meridian employee is or was hired by FINRA;
- Meridian provided no significant services, other than compensation consulting services, to FINRA;
- Any interaction between Meridian and FINRA executive management is limited to discussions on matters under the purview of the Committee and information that is presented to the Committee for discussion or approval; and
- Fees paid to Meridian for compensation consulting services are reasonable and in line with industry standards.

# Compensation and Human Capital Committee Report (continued)

Salary information represents the base annual salary at which the named executives are compensated, as of June 30 of each year. The incentive compensation amounts represent the actual payment in March of each year based on prior year performance. The top five executives are determined based on total 2026 salary and incentive compensation as described above.

<b>Name and principal position</b>		<b>Salary</b>	<b>Incentive compensation</b>
Robert W. Cook President and Chief Executive Officer	2026	1,100,000	2,510,000
	2025	1,100,000	2,510,000
	2024	1,100,000	2,365,000
Steven J. Randich EVP and Chief Information Officer	2026	715,000	880,000
	2025	685,000	850,000
	2024	665,000	830,000
Robert L.D. Colby EVP and Chief Legal Officer	2026	640,000	770,000
	2025	615,000	745,000
	2024	595,000	725,000
Greg Ruppert EVP and Chief Regulatory Operations Officer	2026	635,000	665,000
	2025	570,000	625,000
	2024	550,000	600,000
Stephanie Dumont EVP and Chief Market Services Officer	2026	550,000	600,000
	2025	530,000	575,000
	2024	510,000	555,000

# Compensation and Human Capital Committee Report (continued)

Components of compensation are listed below.

## Salary

- Base salaries for all employees align with job-grade structures to provide for appropriate flexibility in hiring and retention. Actual salaries are based on job content, performance and relevant experience levels, and may fall above or below competitive levels.

## Incentive Compensation

- Incentive compensation is available to all employees and is an additional “at-risk” compensation that is performance-based and determined in relation to individual achievements and FINRA’s overall performance. The size of the actual award varies based on goal achievement, performance, grade level and degree of responsibility within the organization. If awarded, it is paid as a lump sum in March of the following year.

Other Potential Compensation items not included above:

- All employees are eligible for taxable and non-taxable health and welfare benefits such as employer-paid health, life, and disability insurance. On occasion, employees may receive taxable fringe benefits such as parking, travel subsidies, and similar items.
- Pension and 401(k) deferral and matching programs are generally available to all employees. The pension plan may be either defined contribution or defined benefit depending on employee hire date and years of service. The defined benefit plan is now closed to new participants.
- Certain employees at both the officer and non-officer level may receive a special deferred compensation retention plan.
- Supplemental retirement benefits are provided for officers meeting certain eligibility criteria. These plans, which may be either defined benefit or defined contribution, are non-qualified and are based on salary, officer level, and, depending on officer level, a portion of incentive compensation. The defined benefit plan is closed to new participants.

Members of the Compensation and Human Capital Committee:

Moira A. Kilcoyne, Chair  
Fabiola Arredondo  
Samir M. Deshpande  
Derrick A. Roman  
Erik Sirri

June 26, 2026

# Management Report on Internal Control Over Financial Reporting

FINRA management is responsible for the preparation and integrity of the consolidated financial statements appearing in our annual report. The consolidated financial statements were prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) and include amounts based on management's estimates and judgments. FINRA management is also responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. Internal control over financial reporting is a process designed by management to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP.

FINRA maintains a system of internal control that is designed to provide reasonable assurance as to the fair and reliable preparation and presentation of the consolidated financial statements, as well as to safeguard assets from unauthorized use or disposition that could have a material effect on the consolidated financial statements. FINRA's internal control over financial reporting includes written policies and procedures that 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of FINRA's assets; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that receipts and expenditures of FINRA are being made only in accordance with authorizations of FINRA's management and governors; and 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of FINRA's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements due to error or fraud, including the possibility of the circumvention or overriding of controls. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of the President and Chief Executive Officer and the Chief Financial and Administrative Officer, FINRA's management assessed the effectiveness of FINRA's internal control over financial reporting as of December 31, 2025. This evaluation included, among other things, reviews of the documentation of controls, evaluations of the design effectiveness of controls and reviews of evidence supporting the operating effectiveness of controls. Based on this assessment, we conclude that FINRA maintained effective internal control over financial reporting as of December 31, 2025.

June 26, 2026



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Robert W. Cook  
President and Chief Executive Officer



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Jeffrey Kalinowski  
Executive Vice President – Chief Financial and  
Administrative Officer

# Report of Independent Registered Public Accounting Firm

To the Board of Governors of  
Financial Industry Regulatory Authority, Inc.

## Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of the Financial Industry Regulatory Authority, Inc. (FINRA or the Company) as of December 31, 2025 and 2024, the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of FINRA at December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

## Basis for Opinion

These financial statements are the responsibility of FINRA’s management. Our responsibility is to express an opinion on FINRA’s financial statements based on our audits. We are required to be independent with respect to the Company in accordance with the relevant ethical requirements relating to our audits.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (PCAOB) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

## Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### *Pension Obligation*

**Description of the Matter** At December 31, 2025, the Company’s gross defined benefit obligation was \$475.1 million, and the related pension assets were \$506.9 million, resulting in a net funded position of \$31.8 million. As discussed in Note 6 to the consolidated financial statements, the Company makes significant subjective judgments about a number of actuarial assumptions for the pension obligation, which include, among others, the discount rate, the rate of compensation increase, mortality rates and the expected return on plan assets. The Company annually updates the actuarial estimates used to measure the obligation to reflect updated participant data, actuarial assumptions and actual return on plan assets, among others.

Auditing management’s estimate of the defined benefit pension obligation involved a greater extent of audit effort, including involving firm specialists to assess the actuarial assumptions used in the measurement of the obligation.

# Report of Independent Registered Public Accounting Firm (continued)

***How We  
Addressed  
the Matter in  
Our Audit***

We obtained an understanding of the processes relating to the measurement and valuation of the defined benefit pension obligation and the related internal controls. This included, among others, understanding the controls over the review and approval processes that management has in place for the methods and assumptions used in estimating the obligation.

To test the obligation, we performed audit procedures that included, among others, evaluating the results of the actuarial valuation report prepared by management's third-party actuarial specialists and reconciling the results of the actuarial valuation report to the Company's recorded obligation. We tested the completeness and accuracy of the underlying participant data used by management's third-party actuarial specialists through testing of the reconciliation of the participant data recorded in the Company's source systems to the actuarial valuation report and comparing a sample of participant data to source documentation. With the assistance of our actuarial specialists, we assessed the methodology used by management with the methodology used in prior periods and those used in the industry. To evaluate the key assumptions noted above used in the actuarial valuation report, we compared them to independently developed expectations using publicly available data.

*Ernst + Young LLP*

We have served as FINRA's auditor since 1986.

Tysons, Virginia  
June 26, 2026

# FINRA Consolidated Balance Sheets

(In millions)

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 582.4	\$ 750.6
Restricted cash	27.2	0.8
Investments:		
Fixed income, at fair value	666.5	631.7
Equity, at fair value	784.4	680.5
Receivables, net	130.1	351.6
Other current assets	55.5	53.7
<b>Total current assets</b>	<b>2,246.1</b>	<b>2,468.9</b>
Property and equipment:		
Data-processing equipment and software	163.9	152.5
Furniture, equipment and leasehold improvements	146.4	113.1
	310.3	265.6
Less accumulated depreciation and amortization	(168.7)	(142.3)
<b>Total property and equipment, net</b>	<b>141.6</b>	<b>123.3</b>
Other investments:		
Pooled investment fund, at fair value	301.3	267.0
Investments of Consolidated Entity, at fair value	179.9	194.4
All other	0.3	0.3
Operating lease assets	163.8	147.6
Consolidated Audit Trail loan receivable, net	48.3	52.7
Net pension asset	35.7	17.0
Other assets	9.1	9.8
<b>Total assets</b>	<b>\$3,126.1</b>	<b>\$3,281.0</b>

See accompanying notes.

# FINRA Consolidated Balance Sheets (continued)

(In millions)

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Liabilities and equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 218.1	\$ 58.6
Accrued personnel and benefit costs	320.5	282.2
Deferred revenue	107.4	83.5
Deposits and renewals	97.5	83.4
Operating lease liabilities	30.0	25.4
Other current liabilities	9.1	21.3
Activity assessment fee payable	—	673.4
Total current liabilities	782.6	1,227.8
Operating lease liabilities	206.6	181.8
Accrued pension and other postretirement benefit costs	76.6	77.5
Other liabilities	26.4	24.5
<b>Total liabilities</b>	<b>1,092.2</b>	<b>1,511.6</b>
Equity	1,989.4	1,736.6
Accumulated other comprehensive gain:		
Net unrecognized employee benefit plan amounts	44.5	32.8
<b>Total equity</b>	<b>2,033.9</b>	<b>1,769.4</b>
<b>Total liabilities and equity</b>	<b>\$3,126.1</b>	<b>\$3,281.0</b>

See accompanying notes.

# FINRA Consolidated Statements of Operations

(In millions)

	<b>Years Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Revenues</b>		
Operating revenues:		
Regulatory revenues, net of member firm rebates approved by the Board of \$150.0 in 2025 and \$0 in 2024	\$ 990.9	\$ 958.8
User revenues	386.5	347.4
Contract services revenues	285.6	313.3
<b>Total operating revenues</b>	<b>1,663.0</b>	<b>1,619.5</b>
Fines	77.6	66.0
Activity assessment revenues	881.3	1,403.8
Audit trail reimbursement revenues	23.1	18.8
<b>Total revenues</b>	<b>2,645.0</b>	<b>3,108.1</b>
Activity assessment cost of revenues	(881.3)	(1,403.8)
Audit trail reimbursement cost of revenues	(23.1)	(19.4)
<b>Net revenues</b>	<b>1,740.6</b>	<b>1,684.9</b>
<b>Expenses</b>		
Compensation and benefits	1,137.9	1,098.0
Professional and contract services	220.2	229.3
Cloud computing and software	216.3	237.8
General and administrative	63.1	82.1
Occupancy	45.3	42.2
Depreciation and amortization	32.8	31.8
<b>Total expenses</b>	<b>1,715.6</b>	<b>1,721.2</b>
Interest and dividend income	83.0	63.5
<b>Operating income</b>	<b>108.0</b>	<b>27.2</b>
<b>Other income</b>		
Net realized and unrealized investment gains	139.2	72.4
Other income	5.6	—
<b>Net income</b>	<b>\$ 252.8</b>	<b>\$ 99.6</b>

See accompanying notes.

# FINRA Consolidated Statements of Comprehensive Income

(In millions)

	Years Ended December 31,	
	2025	2024
<b>Net income</b>	\$252.8	\$ 99.6
Employee benefit plan adjustments	11.7	36.0
<b>Comprehensive income</b>	<b>\$264.5</b>	<b>\$135.6</b>

See accompanying notes.

# FINRA Consolidated Statements of Changes in Equity

(In millions)

	Equity	Net Unrecognized Employee Benefit Plan Amounts	Total
<b>Balance, January 1, 2024</b>	\$1,637.0	\$ (3.2)	\$1,633.8
Comprehensive income	99.6	36.0	135.6
<b>Balance, December 31, 2024</b>	1,736.6	32.8	1,769.4
Comprehensive income	252.8	11.7	264.5
<b>Balance, December 31, 2025</b>	\$1,989.4	\$44.5	\$2,033.9

See accompanying notes.

# FINRA Consolidated Statements of Cash Flows

(In millions)

	<b>Years Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Reconciliation of net income to cash (used in) provided by operating activities</b>		
Net income	\$ 252.8	\$ 99.6
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	32.8	31.8
Net realized and unrealized investment gains	(139.2)	(72.4)
Provision for credit losses	2.7	12.0
Non-cash operating lease expense	23.3	—
Other	(8.2)	2.1
Net change in operating assets and liabilities:		
Receivables, net	218.4	(197.6)
Other current assets	(5.7)	(0.5)
Operating lease assets	—	(3.5)
Net pension asset	(18.7)	(17.0)
Other assets	(0.7)	2.3
Accounts payable and accrued expenses	159.5	(7.7)
Accrued personnel and benefit costs	38.3	39.6
Deferred revenue	23.9	(1.1)
Deposits and renewals	14.1	(9.2)
Activity assessment fee payable	(673.4)	524.7
Other current liabilities	—	2.2
Accrued pension and other postretirement benefit costs	10.8	4.1
Operating lease liabilities	(10.2)	18.4
Other liabilities	1.9	4.2
<b>Net cash (used in) provided by operating activities</b>	<b>\$ (77.6)</b>	<b>\$ 432.0</b>

See accompanying notes.

# FINRA Consolidated Statements of Cash Flows (continued)

(In millions)

	<b>Years Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flow from investing activities</b>		
Purchases of fixed income investments	\$(696.1)	\$(668.3)
Proceeds from sales of fixed income investments	664.6	691.9
Purchases of equity investments	(110.6)	(172.7)
Proceeds from sales and redemptions of equity investments	93.3	187.0
Purchases of other investments	(0.9)	(0.7)
Proceeds from redemptions of other investments	—	1.9
Purchases of property and equipment	(49.4)	(34.6)
Consolidated Audit Trail loan payments	—	(55.9)
Consolidated Audit Trail loan proceeds	9.7	10.0
<i>Cash flow from investing activities of the Consolidated Entity:</i>		
Purchases of other investments	(4.1)	(5.1)
Proceeds from distributions of other investments	29.3	26.2
<b>Net cash used in investing activities</b>	<b>(64.2)</b>	<b>(20.3)</b>
(Decrease) increase in cash, restricted cash and cash equivalents	(141.8)	411.7
Cash, restricted cash and cash equivalents at beginning of year	751.4	339.7
<b>Cash, restricted cash and cash equivalents at end of year</b>	<b>\$ 609.6</b>	<b>\$ 751.4</b>

See accompanying notes.

# FINRA 2025 Notes to Consolidated Financial Statements

## 1. ORGANIZATION AND NATURE OF OPERATIONS

References to the terms “we,” “our,” “us,” “FINRA” or the “Company” used throughout these Notes to Consolidated Financial Statements refer to FINRA, a Delaware corporation, and its wholly owned subsidiaries. FINRA wholly owns the following significant subsidiaries: FINRA REG, FINRA CAT and the Foundation. The Foundation is a tax-exempt membership corporation incorporated in the State of Delaware, with FINRA as the sole member.

FINRA is a private not-for-profit SRO dedicated to protecting investors and safeguarding market integrity so that everyone can invest with confidence. FINRA oversees our member firms and their associated persons in accordance with the Securities Exchange Act of 1934 and related rules adopted by the SEC. Continuing a tradition of self-regulation that goes back over 200 years, FINRA benefits from the expertise of our member firms by asking for their perspectives on potential rule changes, regulatory initiatives, market developments and industry issues. FINRA’s regulatory approach is informed by this engagement with our member firms, as well as engagement with investors, trade associations and other interested parties.

FINRA deploys extensive expertise and sophisticated technology to protect America’s vital securities markets, in ways that no one member firm can do on its own. Without the use of government funding, FINRA establishes and enforces “rules of the road” that govern the activities of member firms and their associated persons; provides critical market and regulatory services to member firms and the wider marketplace; and empowers investors with knowledge, information and skills for financial success. FINRA also performs cross-market surveillance for equities, options and fixed-income markets to identify manipulation and other misconduct by monitoring billions of daily market events.

Pursuant to a contract with Consolidated Audit Trail, LLC (CAT LLC), FINRA CAT is engaged by CAT LLC to provide certain services in connection with the implementation and maintenance of the CAT, which is designed to provide regulators with an extensive audit trail of trades, quotes and orders for all U.S. exchange-listed and over-the-counter (OTC) equity securities across all U.S. markets and trading venues, including certain associated customer and account information. The CAT also collects the same data for U.S. exchange-listed options contracts.

The Foundation empowers all Americans with the knowledge, skills and tools to make sound financial decisions throughout life. The Foundation pursues this mission through educational programs and research that help consumers achieve their financial goals and that protect them in a complex and dynamic world.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PRESENTATION

The accompanying consolidated financial statements are prepared in accordance with U.S. GAAP and include the accounts of the Company, its wholly owned subsidiaries and an entity we consolidate. We account for this entity (referred herein as the Consolidated Entity), a variable interest entity (VIE) for which the Company is the primary beneficiary, as an investment company that follows the industry specialized basis of accounting established by U.S. GAAP.

All intercompany balances and transactions have been eliminated in consolidation.

### USE OF ESTIMATES

The preparation of these consolidated financial statements requires management to make estimates and assumptions, including estimates of fair value of investments, valuation of investments and assumptions related to our employee benefit plans, and the estimated service periods related to our recognition of certain revenue, that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could materially differ from those estimates.

# FINRA 2025 Notes to Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### CONSOLIDATION

FINRA consolidates any VIE in which it is deemed to be the primary beneficiary and reflects the assets, liabilities, revenues, expenses and cash flows of the consolidated VIE on the consolidated financial statements. An entity is determined to be the primary beneficiary if it holds a controlling financial interest. A controlling financial interest is defined as (a) the power to direct the activities of a VIE that most significantly impact the entity's economic performance; and (b) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. The consolidation guidance requires an analysis to determine (a) whether an entity in which the Company holds a variable interest is a VIE; and (b) whether the Company's involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests, such as management and performance-based fees, would give it a controlling financial interest. Performance of that analysis requires the exercise of judgment.

The Company determines whether it is the primary beneficiary of a VIE at the time it becomes involved with a VIE and reconsiders that conclusion at each reporting date. In evaluating whether the Company is the primary beneficiary, FINRA evaluates its economic interests in the entity held either directly by the Company or indirectly through related parties. The consolidation analysis can generally be performed qualitatively; however, if it is not readily apparent that the Company is not the primary beneficiary, a quantitative analysis may also be performed.

Investments and redemptions (either by the Company, affiliates of the Company or third parties) or amendments to the governing documents of a VIE could affect an entity's status as a VIE or the determination of the primary beneficiary. At each reporting date, the Company assesses whether it is the primary beneficiary and will consolidate or deconsolidate accordingly.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand cash, cash held in banks, money market funds and all non-restricted, highly liquid investments with maturities of 90 days or less when acquired.

Additionally, cash held at the Consolidated Entity, included in cash and cash equivalents in the consolidated balance sheets, may include overnight investments and money market funds held with financial institutions. Cash and cash equivalents held at the Consolidated Entity represent cash that may only be used to settle obligations of the Consolidated Entity. Although not legally restricted, these cash and cash equivalents are not available to fund the general liquidity needs of FINRA.

As of December 31, 2025 and 2024, neither FINRA nor the Consolidated Entity held cash and cash equivalents in foreign currencies.

### RESTRICTED CASH

The following table provides a reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same amounts shown in the statements of cash flows.

(\$ in millions)	Years ended December 31,	
	2025	2024
Cash	\$582.4	\$750.6
Restricted cash	27.2	0.8
Total cash and restricted cash shown in the statements of cash flows	\$609.6	\$751.4

# FINRA 2025 Notes to Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amounts included in restricted cash represent fees collected from reporters of the CAT pursuant to a contract between FINRA CAT and CAT LLC. As an agent of CAT LLC, FINRA CAT was contractually obligated to establish a separate bank account to collect and remit fees collected, including accrued interest, less bank charges, directly to CAT LLC periodically. The entire amount of restricted cash is payable to CAT LLC, and it is included in accounts payable and accrued expenses on the Company's consolidated balance sheets.

### INVESTMENTS

#### *Fixed Income Investments*

At the time of purchase, we classify individual fixed income investments as trading, available-for-sale or held-to-maturity based on the type of security and our intent and ability to sell or to hold the securities, and re-evaluate the classification at each balance sheet date. As of December 31, 2025 and 2024, all our fixed income investments were classified as trading. Trading securities are carried at fair value, with changes in fair value recorded as a component of net realized and unrealized investment gains in the consolidated statements of operations. We present cash flows from purchases and sales of trading securities as investing activities based on the nature and purpose for which we acquired the securities.

We determine fair value based on quoted market prices, when available, or on estimates provided by external pricing sources or dealers who make markets in such securities. We include realized gains and losses on sales of securities in earnings using the average cost method.

#### *Equity Investments*

We carry our equity security investments at fair value and record the subsequent changes in fair value in the consolidated statements of operations as a component of net realized and unrealized investment gains.

#### *Other Investments*

We use net asset value as a practical expedient to measure fair value of our other investments unless it is probable that an investment will be sold for a different amount. In these cases, fair value is measured based on recent observable transaction information for similar investments, the consideration of non-binding bids from potential buyers and third-party valuations.

We elected the fair value option for our investment in a pooled investment fund to better reflect the value of this investment. Such election is irrevocable and applied on a financial instrument by financial instrument basis at initial recognition. This pooled investment fund calculates net asset value per share (or its equivalent) as the investment account value in the absence of readily ascertainable market values to determine fair value.

Investments held in the Consolidated Entity include pooled investment vehicles without a readily determinable fair value. These investments are generally valued at the most recent net asset value per unit or capital account information from the general partners of such vehicles. Investment transactions are accounted for on a trade-date basis. For the purposes of determining net realized gains and losses, the Consolidated Entity uses a specific identification methodology.

### RECEIVABLES, NET AND ALLOWANCE FOR CREDIT LOSSES

The Company's receivables are primarily concentrated with FINRA-registered firms, associated persons and exchanges. The consolidated financial statements present receivables net of an allowance for credit losses.

# FINRA 2025 Notes to Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### PROPERTY AND EQUIPMENT

FINRA records property and equipment at cost less accumulated depreciation. We expense repairs and maintenance costs as incurred. We calculate depreciation and amortization as follows:

Asset category	Depreciation/amortization method	Estimated useful lives
Buildings and improvements	Straight-line	10 to 40 years
Data-processing equipment and software	Straight-line	2 to 5 years
Furniture and equipment	Straight-line	5 to 10 years
Leasehold improvements	Straight-line	Shorter of term of lease or useful life of improvement

Depreciation and amortization expense for property and equipment totaled \$14.7 million and \$12.1 million for 2025 and 2024, respectively.

### SOFTWARE COSTS

FINRA capitalizes internal use software development costs incurred during the application development stage. Software costs we incur before or after the application development stage are charged to expense as incurred. We capitalize significant purchased application software and operational software programs that are an integral part of hardware and amortize them using the straight-line method over their estimated useful life, generally two to five years. We expense all other purchased software as incurred.

We included unamortized capitalized software development costs of \$47.3 million and \$52.1 million as of December 31, 2025 and 2024, respectively, in the consolidated balance sheets within total property and equipment, net. There were \$11.6 million and \$15.9 million of net additions to capitalized software related to 2025 and 2024, respectively. We included amortization of capitalized internal use software costs totaling \$16.4 million and \$17.9 million related to 2025 and 2024, respectively, in depreciation and amortization in the consolidated statements of operations.

### IMPAIRMENT OF LONG-LIVED ASSETS

We review our long-lived assets for impairment whenever facts and circumstances indicate that long-lived assets or other assets may be impaired. If indicators are present, we perform an evaluation of recoverability that compares the estimated future, undiscounted cash flows associated with the asset to the asset's carrying amount. If the evaluation fails the recoverability test, we then prepare a discounted cash flow analysis to estimate fair value and the amount of any impairment. No impairment was identified during 2025 or 2024 in connection with these procedures.

### LEASES

The Company determines if an arrangement is a lease at inception. We recognize right-of-use (ROU) lease assets and lease liabilities at commencement date based on the present value of lease payments over the lease term. ROU lease assets represent the Company's right to use a leased asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The operating lease assets include any lease payments made and exclude lease incentives. Lease terms include options to extend or terminate when it is reasonably certain that the Company will exercise that option. The Company does not recognize ROU lease assets and lease liabilities for leases with a term, after consideration of any extension options, of one year or less.

The Company's leases neither provide an implicit rate nor is the Company's incremental borrowing rate readily determinable. Therefore, upon the adoption of Accounting Standards Codification (ASC) Topic 842, *Leases*, we made the policy election to use a risk-free discount rate for all leases, determined using a period comparable with that of the lease term. In addition, we have elected the practical expedient not to separate lease and non-lease components.

# FINRA 2025 Notes to Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

We include ROU lease assets and liabilities related to operating leases within operating lease assets and operating lease liabilities, respectively, in the Company's consolidated balance sheets. Lease expense for operating lease payments, which is comprised of amortization of ROU lease assets and interest accretion on lease liabilities, is generally recognized on a straight-line basis over the lease term and included in occupancy expense in the consolidated statements of operations.

### CONSOLIDATED AUDIT TRAIL LOAN RECEIVABLE, NET

In 2016, the SEC approved a National Market System Plan (NMS Plan) for FINRA and other participating SROs to establish a consolidated audit trail to improve regulators' ability to monitor trading activity, and subsequently, the implementation of the CAT began. In addition to increased regulatory obligations, implementation of the CAT has resulted in significant additional expenditures, including developing and implementing new and complex technology necessary for the CAT to meet the NMS Plan's requirements. Through October 2024, this development effort was funded by the participating SROs (including FINRA) through promissory notes. In September 2023, the SEC approved a funding model for the CAT that allocated one-third of CAT expenses to the SROs, including FINRA, and two-thirds of CAT expenses to the industry. This SEC approval order was appealed to the 11th Circuit U.S. Court of Appeals, which issued an opinion in July 2025 vacating the funding model effective November 2025. In September 2025, CAT LLC submitted a revised funding model to the SEC, which was approved in March 2026 with an effective date of March 16, 2026. The revised funding model was approved to operate on a temporary basis until March 31, 2028. In addition, challenges that impeded the timely completion of the development and implementation of the necessary technology to enable the CAT to meet all NMS Plan requirements may expose FINRA and other participating SROs to SEC fines or potentially jeopardize the ability of FINRA and such participating SROs to be reimbursed for some of the historical costs of building and maintaining the CAT (pending SEC approval of exemptive relief).

As of December 31, 2025 and 2024, we have accrued a net receivable of \$51.9 million and \$61.1 million, respectively, in connection with our portion of costs related to the CAT implementation. As of both December 31, 2025 and 2024, the allowance for credit losses related to these receivables was \$31.5 million. Both the net receivable and allowance for credit losses were presented in the accompanying consolidated balance sheets within other current assets and Consolidated Audit Trail loan receivable, net.

### DEPOSIT AND RENEWAL LIABILITIES

FINRA's deposit and renewal liabilities primarily represent deposits into our CRD system. FINRA-registered firms use these deposits to pay for services, including registration fees that states and other SROs charge.

### ACTIVITY ASSESSMENT FEE PAYABLE

FINRA, as an SRO, pays certain fees and assessments pursuant to Section 31 of the Securities Exchange Act of 1934. These fees are designed to recover costs the government incurs to supervise and regulate securities markets and securities professionals and are calculated based on the aggregate dollar amount of sales of covered securities transacted by or through any firm other than on a national securities exchange. Such covered transactions are reported to us through the Alternative Display Facility<sup>®</sup>, OTC Reporting Facility<sup>™</sup> (ORFT<sup>™</sup>) and the Trade Reporting Facilities<sup>®</sup>. We remit these activity assessment fees to the U.S. Department of Treasury semiannually, in March and September.

We recover the cost of the Section 31 fees and assessments through an activity assessment, charged to the firm responsible for clearing the transaction, based on the aggregate dollar amount of sales of covered securities transacted by or through any firm other than on a national securities exchange. As of December 31, 2025, no activity assessment fee receivables were presented in the accompanying consolidated balance sheets within receivables, net, as the SEC rate decreased from \$27.8 to \$0 per million dollars in transactions effective May 15, 2025. As of December 31, 2024, we had \$186.5 million of activity assessment fee receivables presented in the accompanying consolidated balance sheets within receivables, net.

# FINRA 2025 Notes to Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### AUDIT TRAIL REIMBURSEMENT FEES

Full implementation of the CAT NMS Plan requirements was completed on July 15, 2024. For the period July 16, 2024, to December 31, 2025, CAT Executing Brokers for the Buyer (CEBB) and/or CAT Executing Brokers for the Seller (CEBS) were effectively charged CAT funding fees towards the recovery of two-thirds of the budgeted CAT costs, with the remaining one-third budgeted to the participating SROs, including FINRA.

Through June 30, 2025, we recovered our portion of these CAT funding fees through an audit trail reimbursement fee, assessed between each of the CEBB and CEBS for transactions where FINRA was the relevant Participant. As of December 31, 2025 and 2024, we had \$0 and \$14.7 million of audit trail reimbursement fee receivables presented in the accompanying consolidated balance sheets within receivables, net.

### INTEREST AND DIVIDEND INCOME

FINRA recognizes interest income from cash and cash equivalents, fixed income and equity investments as it is earned. We recognize dividend income on the ex-dividend date. We account for interest and dividend income from the Consolidated Entity in the same manner.

### CLOUD COMPUTING

We account for our cloud computing arrangement as a service contract and expense applicable costs as incurred. As our hosting arrangement does not give us the contractual right to the software at any time during the hosting period without penalty, we are not deemed to have a software license. Cloud computing costs totaled \$141.0 million and \$169.6 million for the years ended December 31, 2025 and 2024, respectively, and were included in cloud computing and software expenses in the consolidated statements of operations.

### PENSION AND OTHER POSTRETIREMENT LIABILITIES

FINRA offers a variety of employee benefits, including pension and other postretirement benefit plans. Detailed descriptions of FINRA's employee benefits can be found in Note 6, "*Employee Benefits and Liabilities*," in the accompanying notes. Primarily, FINRA's liabilities under pension and other postretirement benefits are related to our defined benefit pension plans, retiree medical and postretirement life insurance benefit plans.

In calculating the expense and liability related to employee benefit plans, we use several statistical and other factors, which attempt to anticipate future events. Key factors include assumptions about the expected rates of return on plan assets and the discount rate as determined by FINRA, within certain guidelines, as well as assumptions regarding future salary increases, mortality, turnover, retirement ages and the medical expense trend rate. We consider market conditions, including changes in investment returns and interest rates, in making these assumptions. We develop the discount rate using a composite yield curve analysis based on a portfolio of high-quality, non-callable, marketable bonds. We determine the long-term rate of return based on analysis of historical and projected returns in consultation with our actuary and external investment consultant. Amortization of net gain or loss included in accumulated other comprehensive income reflects a corridor based on 10 percent of the greater of the projected benefit obligation or the market-related value of plan assets as of the beginning of the plan year and is included as a component of net periodic pension cost.

### INCOME TAXES

FINRA and FINRA REG are tax-exempt organizations under Internal Revenue Code (IRC) Section 501(c)(6). FINRA CAT is treated as a disregarded entity for federal income tax purposes in accordance with single member limited liability company rules. The Foundation is a tax-exempt organization under IRC Section 501(c)(4). However, unrelated business income activities are taxed at normal corporate rates to the extent that they result in taxable net income. We determine

# FINRA 2025 Notes to Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

deferred tax assets and liabilities based on differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities (*i.e.*, temporary differences). We measure these assets and liabilities at the enacted rates we expect will be in effect when we realize these differences. We also determine deferred tax assets based on the amount of net operating loss (NOL) carryforwards. If necessary, we establish a valuation allowance to reduce deferred tax assets to the amount that is more likely than not to be realized.

The Consolidated Entity has elected to be taxed as a Partnership for U.S. federal tax purposes. FINRA is responsible for reporting income or loss from the Consolidated Entity, to the extent required by the federal and state income tax laws, for income tax purposes.

### *Uncertain Tax Positions*

U.S. GAAP provides a two-step approach for evaluating tax positions. Recognition (step 1) occurs when an entity concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement (step 2) occurs when the tax benefit is measured as the largest amount of benefit, determined on a cumulative probability basis, that is more likely than not to be realized upon ultimate settlement. From 2022 through 2025, the years management considers to be open for examination by taxing authorities, management did not identify the existence of any uncertain tax positions related to current operations. Additionally, FINRA has not recognized any material uncertain tax positions related to the prior NOLs.

### CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents, investments and accounts receivable. We do not require collateral on these financial instruments.

We maintain cash and cash equivalents in excess of federally insured limits, principally with financial institutions located in the U.S., which subjects us to credit risk if a financial institution is unable to fulfill its obligations. Risk on accounts receivable is reduced by the number of entities comprising our member firm base and through ongoing evaluation of collectability of amounts owed to us. We use outside investment managers to manage our investment portfolio and a custody agent, a publicly traded company headquartered in New York, to hold certain fixed income and equity investments.

We maintain a broadly diversified investment portfolio, representing a wide range of assets and asset classes, to attain acceptable levels of risk and return. Our investment portfolio consists of investments in predominantly investment-grade debt securities, publicly traded equity securities, mutual and commingled funds containing fixed income and equity securities, and other investments.

The Company attempts to minimize credit risk by monitoring the creditworthiness of the financial institutions with which we transact business.

FINRA may be significantly affected by conditions in the global financial markets and economic conditions or events throughout the world that are outside the control of management, including, but not limited to, national and international political circumstances.

### RECENT ACCOUNTING PRONOUNCEMENTS

#### *New accounting pronouncements adopted in 2025*

There were no accounting pronouncements effective in 2025 that had a material impact to our consolidated financial statements.

# FINRA 2025 Notes to Consolidated Financial Statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*New accounting pronouncements to be adopted subsequent to December 31, 2025*

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, requiring entities to provide additional information in the rate reconciliation and additional disclosures about income taxes paid. While the disclosure on rate reconciliation is only required for public business entities, the ASU requires all entities to disclose annual income taxes paid (net of refunds received) disaggregated by federal (national), state and foreign taxes and to disaggregate the information by jurisdiction based on a quantitative threshold. The Company adopted the ASU on January 1, 2026, and the adoption of this ASU did not have a material impact on our consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, *Credit Losses (Topic 326) – Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides all entities with a practical expedient to assume that the current conditions as of the balance sheet date will remain unchanged for the remaining life of the asset when developing a reasonable and supportable forecast as part of estimating expected credit losses on current accounts receivable and current contract assets arising from transactions accounted for under ASC 606, *Revenue from Contracts with Customers*. In addition, entities other than public business entities, such as FINRA, that have elected to apply this practical expedient may also make an accounting policy election to consider collection activity after the balance sheet date but before the entity's financial statements are available to be issued when estimating credit losses for these assets. As our 2023 adoption of the current expected credit loss model had a minimal impact on our consolidated financial statements, we are not adopting the practical expedient or accounting policy election provided by ASU 2025-05.

In September 2025, the FASB issued ASU 2025-06, *Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Accounting for and Disclosure of Software Costs*, which removes all references to project stages in ASC 350-40 and clarifies the threshold entities apply to begin capitalizing costs. With the removal of all references to project stages, the new guidance requires entities to begin capitalizing software costs when both of the following occur: 1) management, with the relevant authority, implicitly or explicitly authorizes and commits to funding a computer software project; and 2) it is probable that the project will be completed and the software will be used to perform the function intended. The ASU is effective for the Company on January 1, 2028. We are currently assessing the potential impact the ASU will have on our consolidated financial statements.

## 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

We recognize revenue when we transfer control of the promised goods or services to our customers, in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. We generate substantially all our revenue from contracts with customers.

*Disaggregation of revenue*

The following table provides a summary of revenues by contract for the years ended December 31, 2025 and 2024, all of which is recognized over time.

<b>(\$ in millions)</b>	<b>2025</b>	<b>2024</b>
FINRA rules and by-laws	\$1,415.2	\$1,335.1
Regulatory agreements	257.3	283.0
All other contracts	68.1	66.8
Net revenues	<u>\$1,740.6</u>	<u>\$1,684.9</u>

We generally recognize revenue over time as we perform services. We measure our progress in completing these services based upon the passage of time. This method faithfully depicts our performance of transferring control of the services to the customer as our customers simultaneously receive and consume the benefits provided by our performance.

# FINRA 2025 Notes to Consolidated Financial Statements

## 3. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

The following is a description of our contracts with customers.

### *FINRA rules and by-laws*

FINRA's rules and by-laws govern the relationship between FINRA and its member firms and individual brokers. We provide the following supervision of our members: i) oversight services; ii) member application, associated person registration and qualification services; and iii) transparency services. Oversight services include surveillance; member firm and market examinations; enforcement and disciplinary procedures; fraud detection; dispute resolution; and rulemaking and policies. Member application, associated person registration and qualification services include member firm applications; associated person and branch office registrations; and qualification exams and continuing education. Transparency services include the management and operation of FINRA's OTC market transparency facilities, such as Trade Reporting and Compliance Engine and ORF, which provide the public and professionals with timely market information for debt and equity securities. Revenues related to FINRA's rules and by-laws are included in regulatory, fines and user revenues in our consolidated statements of operations.

Under U.S. GAAP, consideration is due as the services are rendered. Consideration for services provided in accordance with our rules and by-laws is variable, taking into account provisions for adjustments, refunds, rebates, fee waivers and penalties for late filings. Our estimate of variable consideration is not typically constrained, as the effects of such variable consideration are known to us prior to the release of our consolidated financial statements.

### *Regulatory agreements*

We have various regulatory agreements through which we provide regulatory services, such as surveillance reviews, investigations, examinations and disciplinary functions. Pursuant to a contract with CAT LLC, FINRA CAT is engaged by CAT LLC to provide certain services in connection with the implementation and maintenance of the CAT, including recurring operations, cloud hosting, and customer account and database services. We include revenues related to our regulatory agreements in contract services revenues in our consolidated statements of operations. Consideration is due as services are rendered. Consideration for services provided in accordance with our regulatory agreements is variable, taking into account provisions for cost-of-living adjustments, changes in the scope of services and changes in trading volumes. Our estimate of variable consideration related to our provision of regulatory agreements is not typically constrained, as the effects of such variable consideration are known to us prior to the release of our consolidated financial statements.

### *All other contracts*

All other contracts primarily include contracts related to our provision of mortgage system modernization and support services, administration of the Investment Adviser Registration Depository program, provision of OTC data to the Nasdaq Unlisted Trading Privileges plan and testing services agreements for the benefit of investment advisers and mortgage brokers. Consideration for these services is variable and due as services are rendered. Our estimate of variable consideration is not typically constrained, as the effects of such variable consideration are known to us prior to the release of our consolidated financial statements.

### *Contract balances*

The following table provides information about receivables and contract liabilities from contracts with customers as of December 31, 2025 and 2024:

<i>(\$ in millions)</i>	<b>2025</b>	<b>2024</b>
Receivables, net	\$129.9	\$350.4
Current deferred revenue	107.4	83.5

# FINRA 2025 Notes to Consolidated Financial Statements

## 3. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Deferred revenue for the years ended December 31, 2025 and 2024, primarily consists of prepayments of registration and renewal fees, annual assessments, and arbitration and mediation fees under FINRA's rules and by-laws. The revenue recognized from contract liabilities and the remaining balance is shown below:

<i>(\$ in millions)</i>	January 1, 2025	Additions (1)	Revenue recognition	December 31, 2025
Registration and renewal (2)	\$79.7	\$124.0	\$(101.7)	\$102.0
Assessments (3)	—	647.6	(647.6)	—
Arbitration and mediation (4)	3.3	8.8	(7.6)	4.5
Regulatory (5)	0.4	0.7	(0.6)	0.5
Qualification exams (6)	0.1	1.9	(1.6)	0.4
Total deferred revenue	\$83.5	\$783.0	\$(759.1)	\$107.4

<i>(\$ in millions)</i>	January 1, 2024	Additions (1)	Revenue recognition	December 31, 2024
Registration and renewal (2)	\$79.5	\$101.2	\$(101.0)	\$79.7
Assessments (3)	—	554.7	(554.7)	—
Arbitration and mediation (4)	4.6	6.5	(7.8)	3.3
Regulatory (5)	0.4	0.6	(0.6)	0.4
Qualification exams (6)	0.1	1.5	(1.5)	0.1
Total deferred revenue	\$84.6	\$664.5	\$(665.6)	\$83.5

- (1) Additions reflect fees charged during the period.
- (2) We assess fees for initial registrations, membership applications and renewals of FINRA member firms, registered representatives, principals and branch offices primarily to cover CRD system processing. These registration and renewal fees are amortized and recorded ratably over the annual period to which they apply, and are included in user revenues in the consolidated statements of operations.
- (3) Annually, each FINRA member is charged assessments based on: 1) their gross revenue; and 2) the member's number of registered representatives and principals. These fees support the supervision and regulation of firms through examination, policy making, rulemaking and enforcement activities performed each year. These fees are amortized and recorded ratably over the annual period to which they apply, and are included in regulatory revenues in the consolidated statements of operations.
- (4) Arbitration and mediation filings and arbitration member surcharges provide a material right to access FINRA's arbitration and mediation forums. As such, these fees are amortized and recorded over the period of benefit of the fee, and are included in user revenues in the consolidated statements of operations. We have determined the period of benefit to be the average turnaround time for an arbitration case (14 months) or mediation case (four months).
- (5) Fees are assessed for regulatory services provided to customers. These regulatory agreement fees are recorded ratably over the period to which they apply, and are included in contract services revenues in the consolidated statements of operations.
- (6) Certain qualifications exams may be purchased using vouchers, which allow individuals to self-enroll for the exam within six months from the date of purchase. The fees related to these vouchers are recorded in the period of exam enrollment or expiration of the voucher, whichever occurs first, and are included in user revenues in the consolidated statements of operations.

# FINRA 2025 Notes to Consolidated Financial Statements

## 4. INVESTMENTS

FINRA owns a diverse investment portfolio. Our investment policy strives to preserve principal, in real terms, while seeking to earn a long-term rate of return commensurate with the degree of risk deemed appropriate by FINRA's Board. We execute our investment strategy through separately managed accounts and direct investments. FINRA's investment portfolio consisted of the following as of December 31, 2025 and 2024:

<i>(\$ in millions)</i>	<b>2025</b>	<b>2024</b>
Fixed income investments	\$ 666.5	\$ 631.7
Equity investments	784.4	680.5
Other investments:		
Pooled investment fund	301.3	267.0
Investments of Consolidated Entity	179.9	194.4
Other	0.3	0.3
<b>Total</b>	<b>\$1,932.4</b>	<b>\$1,773.9</b>

### FIXED INCOME INVESTMENTS

Our fixed income portfolio consists of U.S. Government (state and local) securities, mortgage-backed securities, corporate and asset-backed securities managed by an external investment manager, who had the authority to buy and sell investments within pre-established parameters. The primary objective of our fixed income investments is to provide protection of capital and long-term total return through investment in high-quality, stable assets. Our fixed income investments, summarized based on the primary industry of the issuers, are disclosed in Note 5, "Fair Value Measurement."

### EQUITY INVESTMENTS

Our equity investment portfolio consists of commingled funds, mutual funds and publicly traded securities. Our commingled funds employ a variety of strategies, including exposures to domestic equities and fixed income securities. Some of our mutual funds—which consist of funds invested in domestic and international equities, fixed income securities, and life-cycle funds focused on asset allocation—relate to our deferred compensation plan for officers, our supplemental defined contribution plan for senior officers and our closed non-qualified defined benefit obligation. Finally, our publicly traded securities, managed by external investment managers, are primarily in high-quality companies across the world.

### OTHER INVESTMENTS

As of December 31, 2025 and 2024, our other investments consisted of a pooled investment fund and investments of the Consolidated Entity. The following table summarizes 2025 and 2024 activity related to our pooled investment fund and Consolidated Entity.

<i>(\$ in millions)</i>	<b>Pooled Investment Fund</b>	<b>Consolidated Entity</b>
Carrying value, January 1, 2024	\$239.2	\$197.1
Investment gains	27.1	18.5
Contributions	0.7	—
Distributions	—	(17.8)
Carrying value, December 31, 2024	267.0	197.8
Investment gains	33.4	11.1
Contributions	0.9	—
Distributions	—	(22.7)
Carrying value, December 31, 2025	<b>\$301.3</b>	<b>\$186.2</b>

# FINRA 2025 Notes to Consolidated Financial Statements

## 4. INVESTMENTS (CONTINUED)

FINRA invests in a pooled investment fund for which the fair value option was elected. The fund's portfolio maintains broad diversification across multiple investment strategies that is intended to reduce volatility and produce downside protection. No interest and dividends were earned during 2025 and 2024.

FINRA holds a 100 percent equity interest in the Consolidated Entity, and the general partner of the Consolidated Entity is fully independent of FINRA management and its Board. The objective of the Consolidated Entity is to maximize risk-adjusted returns over the long-term horizon through potential investment in a wide array of investments and strategies.

The carrying value represents the net assets and liabilities of the Consolidated Entity at each period end, which also represents the maximum risk of loss as of those dates. The assets of the Consolidated Entity primarily consisted of cash and investments, while the liabilities primarily represented accrued expenses of the Consolidated Entity. The assets of the Consolidated Entity may be used only to settle obligations of the Consolidated Entity. In addition, there is no recourse to the Company for the Consolidated Entity's liabilities.

Investments held by the Consolidated Entity as of December 31, 2025, summarized below, primarily consist of limited partnerships managed by the investment manager of the Consolidated Entity, as well as hedge funds, private equity funds or similar investment vehicles managed by external managers directly or through subsidiary funds that are controlled by the investment manager of the Consolidated Entity. The Consolidated Entity's net assets consist primarily of its investments accounted for at fair value; the majority of the Consolidated Entity's fair value measurements are based on the estimates made by the general partner of the Consolidated Entity. The investment strategy of these limited partnerships is multi-strategy.

<i>(\$ in millions)</i>	<b>Fair value</b>	<b>Percentage of investments of Consolidated Entity</b>
Investments of Consolidated Entity (a)		
North America		
HighVista Master Fund Limited Partnership	\$ 92.9	51.6%
Other	87.0	48.4%
<b>Total investments (cost \$112.9 million)</b>	<b>\$179.9</b>	<b>100.0%</b>

- (a) As of December 31, 2025, no underlying investment held by these limited partnerships had a fair value that exceeded five percent of FINRA's total consolidated equity.

# FINRA 2025 Notes to Consolidated Financial Statements

## 4. INVESTMENTS (CONTINUED)

### INVESTMENT GAINS AND LOSSES

Investment gains and losses for each of the two years ending December 31, 2025, are summarized below:

<i>(\$ in millions)</i>	Fixed income investments	Equity investments	Pooled investment fund	Investments of Consolidated Entity	Total
For the year ending December 31, 2025					
Unrealized investment gains on securities held at period end	\$14.7	\$44.3	\$33.4	\$ 4.6	\$ 97.0
Investment gains on securities sold during the period	1.1	7.6	—	7.2	15.9
Other gains (losses)	—	26.4	(0.1)	—	26.3
<b>Total</b>	<b>\$15.8</b>	<b>\$78.3</b>	<b>\$33.3</b>	<b>\$11.8</b>	<b>\$139.2</b>
For the year ending December 31, 2024					
Unrealized investment gains on securities held at period end	\$ 3.1	\$ 0.9	\$27.1	\$12.4	\$ 43.5
Investment (losses) gains on securities sold during the period	(1.6)	11.2	—	7.4	17.0
Other gains	—	11.4	0.5	—	11.9
<b>Total</b>	<b>\$ 1.5</b>	<b>\$23.5</b>	<b>\$27.6</b>	<b>\$19.8</b>	<b>\$ 72.4</b>

Realized and unrealized gains and losses on our investments, including investments of the Consolidated Entity, are included in net realized and unrealized investment gains in the consolidated statements of operations. Unrealized gains or losses result from changes in the fair value of these investments. Upon disposition of an investment, unrealized gains or losses are reversed and an offsetting realized gain or loss is recognized in the period the disposition occurs.

## 5. FAIR VALUE MEASUREMENT

The Company considers cash and cash equivalents, our investment portfolio, receivables, investments receivable and investments payable to be its financial instruments. The carrying amounts reported in the consolidated balance sheets for these financial instruments equal or closely approximate fair value.

U.S. GAAP defines fair value as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date (*i.e.*, an exit price).

U.S. GAAP prioritizes the level of market price observability used in measuring assets and liabilities at fair value. There are a number of factors that impact market price observability, including the type of assets and liabilities, and the specific characteristics of the assets and liabilities. Assets and liabilities with prices that are readily available, actively quoted or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and less degree of judgment used in measuring fair value.

Assets and liabilities measured at fair value are classified into one of the following categories:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access as of the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, through corroboration with observable data.
- Level 3 Unobservable inputs, such as internally developed pricing models for the asset or liability due to little or no market activity for the asset or liability.

# FINRA 2025 Notes to Consolidated Financial Statements

## 5. FAIR VALUE MEASUREMENT (CONTINUED)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset or liability's level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement. The assessment of significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following table presents information about our assets that are measured at fair value on a recurring basis as of December 31, 2025 and 2024, and indicates the fair value hierarchy of the valuation techniques used to determine fair value:

Description	2025			2024		
	Total carrying value	Level 1	Level 2	Total carrying value	Level 1	Level 2
<i>(\$ in millions)</i>						
<b>Assets:</b>						
Fixed income investments						
Corporate debt securities	\$ 372.5	\$ —	\$372.5	\$ 375.6	\$ —	\$375.6
Government securities	105.5	79.0	26.5	106.3	86.5	19.8
Mortgage-backed securities	129.6	—	129.6	100.7	—	100.7
Asset-backed securities	58.9	—	58.9	49.1	—	49.1
Equity investments						
Commingled funds	338.6	—	338.6	367.2	—	367.2
Mutual funds	304.1	304.1	—	201.7	201.7	—
Publicly traded securities	141.7	141.7	—	111.6	111.6	—
Total assets in the fair value hierarchy	1,450.9	524.8	926.1	1,312.2	399.8	912.4
Pooled investment fund, measured at net asset value (a)	301.3	—	—	267.0	—	—
Investments of Consolidated Entity (a)	179.9	—	—	194.4	—	—
Total assets measured at fair value	\$1,932.1	\$524.8	\$926.1	\$1,773.6	\$399.8	\$912.4

(a) In accordance with ASC Subtopic 820-10, *Fair Value Measurement*, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amount presented in this table is intended to permit reconciliation of the fair value hierarchy to the fair value of assets presented in the consolidated balance sheets.

Changes in the fair value of our fixed income, equity and other investments measured at net asset value are recorded as a component of net realized and unrealized investment gains in the consolidated statements of operations. The following is a description of the valuation methodologies we use for financial assets measured at fair value on a recurring basis and the general classification of these instruments pursuant to the fair value hierarchy.

### *Fixed Income Investments*

All our fixed income investments are priced using the services of third-party pricing vendors; however, pricing for some of the U.S. government securities are publicly available. These vendors use evaluated and industry-accepted pricing models that vary by asset class and incorporate market inputs such as available trade, bid and other market information to determine the fair value of the securities. Accordingly, the valuation of these investments is categorized in Levels 1 and 2 of the fair value hierarchy.

# FINRA 2025 Notes to Consolidated Financial Statements

## 5. FAIR VALUE MEASUREMENT (CONTINUED)

### *Equity Investments*

Commingled funds are valued at the quoted net asset value per unit, computed as of the close of business on the balance sheet date. Units of these investments are valued daily and a unit holder's ability to transact in the funds' units occurs daily; however, units are not traded on an active exchange. As the fair value per unit is readily determinable, the valuation of these investments is categorized in Level 2 of the fair value hierarchy.

Mutual funds are valued at the publicly quoted net asset value per share, which is computed as of the close of business on the balance sheet date. Publicly traded securities listed or traded on a securities exchange are valued at the last quoted price the security is traded. Accordingly, the valuation of these investments is categorized in Level 1 of the fair value hierarchy.

### *Pooled Investment Fund*

The Company invests in a pooled investment fund for which the fair value option has been elected. This investment is an offshore feeder fund in a "master-feeder" structure, and substantially all its capital is invested in the master fund. The master fund's investment objectives include producing risk-adjusted returns while maintaining low correlation to traditional markets by taking long and short positions in major equities, fixed income, currencies and commodities markets offering a high level of liquidity, as well as investments in other pooled investment vehicles. This investment generally has a redemption notice period of no less than 95 days, and shares may be redeemed on a semiannual (June 30 and December 31) basis. We do not have any outstanding capital commitments related to this investment.

### *Investments of the Consolidated Entity*

The investments of the Consolidated Entity consist of limited partnerships managed by the investment manager of the Consolidated Entity as well as hedge funds, private equity funds or similar investment vehicles. These investments generally employ a diversified investment strategy. The fair value of the investments of the Consolidated Entity is measured at net asset value on the balance sheet date. The investment manager of the Consolidated Entity has a valuation committee consisting of its key officers and select members of the investment operations team for the investment manager. The valuation committee reviews and approves valuations for all investments for which the third-party administrator is unable to obtain a price independently. The Consolidated Entity had unfunded commitments through its investment in limited partnerships of \$42.7 million and \$55.5 million as of December 31, 2025 and 2024, respectively. Capital calls will be funded with available cash held by the Consolidated Entity or by liquidating investments of the Consolidated Entity, as needed. The underlying investments held by these limited partnerships may be subject to various levels of liquidity restrictions.

## 6. EMPLOYEE BENEFITS AND LIABILITIES

FINRA offers current employees a choice of health plans, a dental plan, short-term and long-term disability plans, life insurance and a variety of other benefits. In addition, we have various qualified and non-qualified retirement benefit plans available to eligible employees.

### *Voluntary Contributory Savings Plan*

FINRA maintains a voluntary contributory savings plan for eligible employees. Employees are immediately eligible to make elective contributions to the plan up to specified plan limits. Employees are also eligible to receive from FINRA a corresponding dollar-for-dollar matching contribution on any elective contribution made by the participant to the savings plan up to a maximum of six percent of base compensation. The savings plan expense for 2025 and 2024 was \$38.3 million and \$36.3 million, respectively, which was included within compensation and benefits expense in the consolidated statements of operations.

# FINRA 2025 Notes to Consolidated Financial Statements

## 6. EMPLOYEE BENEFITS AND LIABILITIES (CONTINUED)

### *Defined Contribution Component of the Savings Plan*

FINRA offers a defined contribution component of the savings plan to eligible employees hired after January 1, 2011, and those who transitioned out of FINRA's defined benefit plan. The Company's contributions for this component are based on a participant's age plus years of service, and vesting is on a graduated scale over six years. The investment options are the same as the current options in the savings plan. Expenses related to the defined contribution component of the savings plan for 2025 and 2024 were \$37.2 million and \$34.5 million, respectively, which were included within compensation and benefits expense in the consolidated statements of operations.

### *Deferred Compensation Plan for Officers and Supplemental Defined Contribution Plan for Senior Officers*

FINRA maintains a deferred compensation plan for officers under the provisions of Section 457(b) of the IRC. Eligible employees may contribute to the plan and, at its discretion, FINRA may make additional contributions to the plan. FINRA also maintains a supplemental defined contribution plan for the Company's senior officers and makes annual contributions based on salary and a portion of incentive compensation. FINRA has recorded both an asset and a liability related to these plans of \$81.1 million and \$70.8 million as of December 31, 2025, and 2024, respectively; the assets are included in equity investments and the liabilities are included in accrued personnel and benefit costs in the consolidated balance sheet.

### *VBO and VIP*

On June 18, 2025, FINRA announced the implementation of the VBO, open to all FINRA employees, which included provisions for benefits in the form of severance payments; outplacement services; and eligibility and payout for various bonus programs, as applicable. Eligible participants had until July 11, 2025, to accept the VBO.

On November 30, 2023, FINRA announced the implementation of the VIP, for employees who met special eligibility requirements, which included similar provisions to the VBO discussed above. Eligible participants had until January 31, 2024, to accept the VIP.

Curtailments, settlements and special termination benefits with respect to our pension and other plans under the VBO and VIP are included in the plan disclosures below. As of July 11, 2025, 417 employees accepted the VBO with separation dates in 2025 and 2026. As of January 31, 2024, 187 eligible employees accepted the VIP with separation dates in 2024 and 2025. As a result, we recorded special termination benefits of approximately \$56.7 million in 2025 in connection with the VBO, which were included within compensation and benefits expense in the consolidated statements of operations. We recorded special termination benefits of approximately \$33.3 million in 2024 in connection with the VIP, which were included within compensation and benefits expense in the consolidated statements of operations. In 2025, \$18.9 million and \$16.1 million of special termination benefits were paid out to VBO and VIP participants, respectively. In 2024, \$16.2 million of special termination benefits were paid out to VIP participants.

### *Defined Benefit Pension Plans*

We provide a qualified and a non-qualified non-contributory defined benefit pension plan to eligible employees. The benefits are based primarily on years of service and employees' average compensation during the highest 60 consecutive months of employment. Both plans are now closed to new participants.

### *Postretirement health and life insurance benefits*

The Company offers postretirement health coverage and life insurance to eligible retired employees and their eligible dependents. Eligible retirees pay the full premium cost to be enrolled in the Company's retiree medical coverage. Under the Retiree Medical Plan, the Company offers a Retiree Medical Savings Plan that provides eligible retirees with credits

# FINRA 2025 Notes to Consolidated Financial Statements

## 6. EMPLOYEE BENEFITS AND LIABILITIES (CONTINUED)

retirees can use to help pay for health care premiums during retirement. Included in the Retiree Medical Plan are Retiree Medical Accounts created for eligible employees and retirees with fixed annual credits applied to those accounts for each year of FINRA service beginning at age 40, and accrual of credits for a portion of the active employee's unused vacation and personal leave. Employees can access the credits only in retirement and may use the credits only toward paying a portion of monthly premiums under FINRA-sponsored retiree health plans. The postretirement life insurance benefit plan is closed to new participants.

### PLAN DISCLOSURES

The following tables disclose information related to our "Pension Plans," which include the defined benefit pension plans described above, and "Other Plans," which include the postretirement health and life insurance benefit plans described above. The reconciliation of the projected benefit obligation, the change in the fair value of plan assets for the periods ended December 31, 2025 and 2024, and the accumulated benefit obligation at December 31, 2025 and 2024, were as follows:

(\$ in millions)	Pension Plans		Other Plans	
	2025	2024	2025	2024
<b>Change in benefit obligation</b>				
Benefit obligation at beginning of period	\$505.2	\$550.0	\$ 77.3	\$ 79.1
Service cost	5.1	9.1	2.6	3.0
Interest cost	25.2	25.2	4.2	3.9
Actuarial (gains) losses	(6.4)	(43.8)	1.9	(5.7)
Benefits paid	(66.6)	(35.3)	(2.5)	(3.0)
Curtailment loss (gain)	12.6	—	(2.8)	—
Special termination benefits	—	—	0.2	—
Benefit obligation at end of period	\$475.1	\$505.2	\$ 80.9	\$ 77.3
<b>Change in plan assets</b>				
Fair value of plan assets at beginning of period	\$518.9	\$516.4	\$ —	\$ —
Actual return on plan assets	54.6	17.8	—	—
Company contributions	—	20.0	2.5	3.0
Benefits paid	(66.6)	(35.3)	(2.5)	(3.0)
Fair value of plan assets at end of period	\$506.9	\$518.9	\$ —	\$ —
Funded (unfunded) status of the plan	\$ 31.8	\$ 13.7	\$(80.9)	\$(77.3)
Accumulated benefit obligation	\$461.8	\$483.3		

Our total pension and other postretirement assets and liabilities in the consolidated balance sheets comprised the following:

(\$ in millions)	Pension Plans		Other Plans	
	2025	2024	2025	2024
Noncurrent assets	\$35.7	\$17.0	\$ —	\$ —
Current liabilities	(3.9)	—	(4.3)	(3.1)
Noncurrent liabilities	—	(3.3)	(76.6)	(74.2)
Net amount at December 31	\$31.8	\$13.7	\$(80.9)	\$(77.3)

There are no plan assets for the non-qualified defined benefit plan, postretirement health and life insurance benefit plans. The noncurrent assets of the pension plans represented the fair value of plan assets in excess of benefit obligation as of December 31, 2025 and 2024, and were included in other assets in the consolidated balance sheets.

# FINRA 2025 Notes to Consolidated Financial Statements

## 6. EMPLOYEE BENEFITS AND LIABILITIES (CONTINUED)

The components of net periodic benefit cost included in the consolidated statements of operations were as follows:

(\$ in millions)	Pension Plans		Other Plans	
	2025	2024	2025	2024
Service cost	\$ 5.1	\$ 9.1	\$ 2.6	\$ 3.0
Interest cost	25.2	25.2	4.2	3.9
Expected return on plan assets	(30.9)	(30.5)	—	—
Recognized net actuarial gains	(0.5)	(0.4)	(0.7)	(0.4)
Settlement credit	(2.7)	—	—	—
Curtailed gain	—	—	(2.8)	—
Special termination benefits	—	—	0.2	—
Net periodic benefit cost	\$ (3.8)	\$ 3.4	\$ 3.5	\$ 6.5

Service cost was included in compensation and benefits expense in the consolidated statements of operations. All other components of net periodic benefit cost were included in other income (expense) in the consolidated statements of operations.

The net amounts included in accumulated other comprehensive gain (loss) were as follows:

(\$ in millions)	Pension Plans		Other Plans	
	2025	2024	2025	2024
Unrecognized net actuarial gain	\$27.8	\$13.4	\$16.7	\$19.4

The following amounts were included in other comprehensive gain during 2025:

(\$ in millions)	Incurred but not yet recognized in net periodic benefit cost	Reclassification adjustment for prior period amounts recognized
<b>Actuarial gains (losses)</b>		
Pension plans	\$14.9	\$(0.5)
Other plans	(2.0)	(0.7)
	\$12.9	\$(1.2)

# FINRA 2025 Notes to Consolidated Financial Statements

## 6. EMPLOYEE BENEFITS AND LIABILITIES (CONTINUED)

Assumptions and health care cost trend rates used in determining the year-end obligation as well as the net periodic benefit cost of the pension and other plans were as follows:

	Pension Plans		Other Plans	
	2025	2024	2025	2024
Weighted-average assumptions used to determine benefit obligations as of December 31:				
Discount rate	5.32%	5.53%	5.27%	5.48%
Rate of compensation increase	3.00%	3.00%	—	—
Weighted-average assumptions used to determine net periodic benefit cost for the year ended December 31:				
Discount rate	5.53%	4.85%	5.48%	4.81%
Rate of compensation increase	3.00%	3.00%	—	—
Expected return on plan assets	6.30%	6.30%	—	—
Assumed health care cost trend rate:				
Health care cost trend rate assumed for next year	—	—	9.1%	7.8%
Ultimate trend rate	—	—	3.9%	3.8%
Year that the rate reaches the ultimate trend rate	—	—	2075	2075

We use the assumptions above to develop the benefit obligations at year end and to develop the net periodic benefit cost for the subsequent year. Therefore, the assumptions we use to determine benefit obligations are established at each year end while the assumptions we use to determine net periodic benefit cost for each year are established at the end of each previous year. The expected return on plan assets that will be used in the determination of 2026 net periodic benefit cost is 6.0 percent.

The benefit obligations and the net periodic benefit cost are based on actuarial assumptions that are reviewed on an annual basis. We revise these assumptions based on an annual evaluation of long-term trends, as well as market conditions, which may have an impact on the cost of providing retirement benefits.

### PLAN ASSETS

Plan assets are primarily related to our qualified defined benefit pension plan. In accordance with Employee Retirement Income Security Act requirements, FINRA has established a trust to hold these plan assets.

The investment policy and strategy for the investment portfolio of our qualified defined benefit pension plan strive to achieve a rate of return on plan assets that will, over the long term, in concert with Company contributions, fund the plan's liabilities to provide for required benefits. As the funded status of the plan improves, the plan will assume less risk through reductions in return-seeking exposure or improved matching of fixed income assets with liabilities.

We allocate the plan assets among a diversified portfolio of equity investments, fixed income securities, alternative investments and cash equivalents with both domestic and international strategies. Derivatives are permitted on a limited scale for hedging or creation of market exposures. Direct debt and equity interests are prohibited in any member firm, exchange, contract market, regulatory client, alternative or electronic trading system or entity that derives a certain threshold of revenue from the activities of member firms. We review asset allocations at least quarterly and make adjustments, as appropriate, to remain within target allocations. We also review the investment policy at least annually, under the guidance of an investment consultant, to determine whether a change in the policy or asset allocation targets is necessary.

# FINRA 2025 Notes to Consolidated Financial Statements

## 6. EMPLOYEE BENEFITS AND LIABILITIES (CONTINUED)

The asset allocation of the investment portfolio for the qualified defined benefit pension plan at December 31, 2025 and 2024, along with target allocations for 2025, is as follows:

	2025 Target	2025	2024
Equity securities:			
U.S. equity	9.2%	9.3%	12.7%
Non-U.S. equity	7.3%	7.6%	9.9%
Global equity	11.1%	11.3%	15.2%
U.S. fixed income securities	69.2%	68.8%	57.5%
Alternative investments	1.5%	1.5%	2.1%
Cash equivalents	1.7%	1.5%	2.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The expected long-term rate of return for the plan's total assets is based on the expected returns of each of the above categories, weighted based on the current target allocation for each class. At least annually, we evaluate whether adjustments are needed based on historical returns to more accurately reflect expectations of future returns.

The following table presents information about the fair value of the Company's plan assets at December 31, 2025 and 2024, by asset category, and indicate the fair value hierarchy of the valuation techniques used to determine fair value:

<i>(\$ in millions)</i>	2025			2024		
	Total	Level 1	Level 2	Total	Level 1	Level 2
Cash and cash equivalents	\$ 10.1	\$10.1	\$ —	\$ 15.4	\$15.4	\$ —
U.S. Government securities	14.0	10.9	3.1	12.4	12.4	—
Corporate debt instruments	13.0	—	13.0	15.7	—	15.7
Corporate stocks	8.1	8.1	—	11.0	11.0	—
Common/collective trusts:						
Equity	125.2	—	125.2	174.2	—	174.2
Fixed income	213.5	—	213.5	183.0	—	183.0
Registered investment companies:						
Equity	8.9	8.9	—	10.5	10.5	—
Fixed income	126.2	7.6	118.6	108.0	10.0	98.0
Other	1.0	—	1.0	1.5	—	1.5
Total assets in the fair value hierarchy	520.0	45.6	474.4	531.7	59.3	472.4
Partnership/joint venture interests measured at net asset value (a)	0.2	—	—	1.0	—	—
Payables, net (b)	(13.3)	—	—	(13.8)	—	—
<b>Total</b>	<b>\$506.9</b>	<b>\$45.6</b>	<b>\$474.4</b>	<b>\$518.9</b>	<b>\$59.3</b>	<b>\$472.4</b>

(a) In accordance with ASC Subtopic 820-10, a certain investment that is measured at fair value using the net asset value per share practical expedient has not been classified in the fair value hierarchy. The fair value amount presented in this table is intended to permit reconciliation of the fair value hierarchy to the fair value of plan assets presented in the plan disclosures section of this footnote.

(b) Represents pending trades at December 31, 2025 and 2024.

Common/collective trusts invest in both domestic and international equity and fixed income strategies. Fair values are readily available and have been estimated using the net asset value per unit of the funds. Units of these investments are valued daily and a unit holder's ability to transact in the trusts' units occurs daily; however, units are not available on an

# FINRA 2025 Notes to Consolidated Financial Statements

## 6. EMPLOYEE BENEFITS AND LIABILITIES (CONTINUED)

active exchange. As the fair value per unit is readily determinable, the valuation of these securities is categorized in Level 2 of the fair value hierarchy.

Registered investment companies invest primarily in domestic fixed income securities. Fair values are readily available and have been estimated using the net asset value per share of the funds. Investments included in this category include registered investment companies that are publicly traded and private placement securities. Shares of these investments are valued and transacted daily; however, shares through private placement are not available on an active exchange. As the fair value per share is readily determinable, the valuation of these securities is categorized in Level 1 and Level 2 of the fair value hierarchy.

The investment in partnership/joint venture interests included a private equity fund that invests in the natural resources and real estate industries. The investment is nonredeemable. The fair value of the investment has been estimated using the net asset value per share of the investment.

The valuation techniques and inputs used to measure fair value of the plan assets are consistent with the Company's valuation procedures as disclosed in Note 5, "Fair Value Measurement."

### EXPECTED FUTURE BENEFIT PAYMENTS

In 2026, we do not expect to make significant contributions to our qualified and non-qualified defined benefit plans. In addition, we expect to make the following benefit payments to participants over the next 10 years:

<b>(\$ in millions)</b>	<b>Pension Plans</b>	<b>Other Plans</b>
Year ending December 31, 2026	\$ 36.8	\$ 8.5
2027	34.1	9.3
2028	32.8	10.2
2029	35.0	13.2
2030	35.4	20.8
2031 through 2035	183.9	121.9
<b>Total</b>	<b>\$358.0</b>	<b>\$183.9</b>

## 7. ACCUMULATED OTHER COMPREHENSIVE GAIN (LOSS)

The following is a summary of changes in accumulated other comprehensive gain (loss) as of December 31, 2025 and 2024. All amounts in accumulated other comprehensive gain relate to net unrecognized employee benefit plan amounts.

<b>(\$ in millions)</b>	<b>Total</b>
Balance, January 1, 2024	\$ (3.2)
Other comprehensive gain before reclassifications	36.8
Amounts reclassified from accumulated other comprehensive gain (a)	(0.8)
Net current-period other comprehensive gain	36.0
Balance, December 31, 2024	32.8
Other comprehensive gain before reclassifications	12.9
Amounts reclassified from accumulated other comprehensive gain (a)	(1.2)
Net current-period other comprehensive gain	11.7
Balance, December 31, 2025	\$44.5

- (a) Reclassified net unrecognized employee benefit plan amounts were included as a component of net periodic benefit cost and recorded in other income in the consolidated statements of operations—see Note 6, "Employee Benefits and Liabilities," for additional information.

# FINRA 2025 Notes to Consolidated Financial Statements

## 8. LEASES

The Company has non-cancelable operating leases for its corporate and district offices throughout the United States. The Company's leases have remaining lease terms of one to twelve years, some of which may include options to extend the lease up to ten years.

Details for our operating lease assets and liabilities as of December 31, 2025 and 2024 follow:

<b>(\$ in millions)</b>	<b>2025</b>	<b>2024</b>
Assets		
Operating lease assets	\$163.8	\$147.6
Total lease assets	163.8	147.6
Liabilities		
Current portion of operating lease liabilities	30.0	25.4
Non-current operating lease liabilities	206.6	181.8
Total lease liabilities	\$236.6	\$207.2

Operating lease assets obtained in exchange for operating lease obligations for the year ended December 31, 2025 and 2024, were \$46.3 million and \$12.7 million, respectively.

Details for operating lease expense and lease payments for the year ended December 31, 2025 and 2024 follow:

<b>(\$ in millions)</b>	<b>2025</b>	<b>2024</b>
Operating lease expense		
Occupancy	\$28.8	\$28.2
Equipment	0.2	0.1
Total operating lease expense	\$29.0	\$28.3
Lease payments included in the measurement of operating lease liabilities		
Operating cash flows	\$31.7	\$30.9
Total operating lease cash flows	\$31.7	\$30.9

Details of the weighted average remaining lease term and weighted average discount rate we used to determine the operating lease liabilities as of December 31, 2025 and 2024 follow:

	<b>2025</b>	<b>2024</b>
Weighted average remaining lease term	7.5 years	7.6 years
Weighted average discount rate	2.7%	2.1%

# FINRA 2025 Notes to Consolidated Financial Statements

## 8. LEASES (CONTINUED)

Details for the maturity of operating lease liabilities as of December 31, 2025, for each of the next five years and thereafter follow:

<i>(\$ in millions)</i>	<b>Operating leases</b>
Year ending December 31, 2026	\$ 36.0
2027	36.6
2028	37.3
2029	37.9
2030	37.4
Remaining years	91.4
Total lease payments	276.6
Less: Imputed interest	(40.0)
Present value of operating lease liabilities	\$236.6

## 9. COMMITMENTS AND CONTINGENCIES

*Alpine Securities Corporation v. FINRA, No. 26-5161 (D.C. Circuit)*

In October 2022, Scottsdale Capital Advisors and Alpine Securities Corporation (Alpine) filed a complaint against FINRA in United States district court seeking declaratory and injunctive relief based on challenges under the federal constitution to FINRA's structure and enforcement proceedings. Alpine alleged that FINRA's Hearing Officers and Board members are subject to Article II's appointment and removal requirements and must be appointed and removable by the President of the United States. Alpine also alleged that FINRA's expedited proceeding against Alpine is government action subject to the U.S. Constitution. Alpine argued it should therefore have the same constitutional rights as if the government were prosecuting it. Finally, Alpine alleged that if FINRA is not acting as the government, it is violating the private non-delegation doctrine in enforcing the federal securities laws and its own rules because Congress and the SEC cannot delegate federal power to a private entity.

The United States District Court for the District of Columbia (D.C. District Court) denied Alpine's request for a preliminary injunction to stay an expedited proceeding in FINRA's Office of Hearing Officers.

On appeal, the D.C. Circuit Court of Appeals concluded in its "narrow and limited" opinion that Alpine was entitled to a preliminary injunction enjoining FINRA from expelling Alpine in an expedited proceeding prior to SEC review of the merits (or expiration of the time for seeking SEC review) based upon the private non-delegation doctrine. The D.C. Circuit otherwise allowed FINRA to move forward with its expedited proceeding against Alpine.

Alpine filed a Petition for Writ of Certiorari in the Supreme Court, which was denied on June 2, 2025. The case was remanded to the D.C. District Court for further proceedings. FINRA's enforcement department voluntarily dismissed the expedited proceeding against Alpine. Plaintiffs filed a Third Amended Complaint, and FINRA filed a motion to dismiss.

On April 23, 2026, the D.C. District Court granted FINRA's motion to dismiss. The court found that FINRA is a private entity and federal constitutional limits that apply to government agencies, like Article II's appointment and removal requirements, do not apply to FINRA. The court also found that FINRA's internal disciplinary proceedings are not government action subject to the Constitution. Finally, the court found that FINRA is subordinate to the SEC, and the framework established by Congress to regulate the securities markets does not violate the private non-delegation doctrine. Plaintiffs have appealed the decision to the United States Court of Appeals for the D.C. Circuit.

# FINRA 2025 Notes to Consolidated Financial Statements

## 9. COMMITMENTS AND CONTINGENCIES (CONTINUED)

At this time, FINRA is not able to reasonably estimate a potential loss on this lawsuit or any other impact. As a result, FINRA has not recorded any estimate for loss as of December 31, 2025.

### *General Litigation*

Management is not aware of any unasserted claims or assessments that would have a material adverse effect on the Company's financial position and the results of operations. Currently, there are certain legal proceedings pending against us. While the outcome of any pending litigation cannot be predicted, management does not believe that any such matter will have a material adverse effect on our business or financial position. Such pending legal matters involve unspecified claim amounts, in which the respective plaintiffs seek an indeterminate amount of damages. The outcome of such matters is always uncertain, and unforeseen results can occur. It is possible that such outcomes could require us to pay damages or make other expenditures or establish accruals in amounts that we could not estimate as of December 31, 2025.

### *Indemnities*

The general partner and investment manager of the Consolidated Entity, on behalf of the Consolidated Entity, enter into certain contracts that contain a variety of indemnifications. The Consolidated Entity's maximum exposure under these arrangements is unknown. However, the Consolidated Entity has not had prior claims or losses pursuant to these contracts and expects any risk of loss to be remote.

## 10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 26, 2026, the date these financial statements became available to be issued. These financial statements have been approved by management, who has determined that no subsequent event occurred that would require disclosure in the consolidated financial statements or accompanying notes.

## FINRA Board of Governors as of June 30, 2026

### **Scott Curtis (Industry)**

Chair  
Raymond James Financial  
St. Petersburg, FL

### **Robert W. Cook**

President and CEO  
FINRA  
Washington, DC

### **Cyrus Amir-Mokri (Industry)**

J.P. Morgan Chase & Co.  
New York, NY

### **Fabiola Arredondo (Public)**

Siempre Holdings LLC  
Greenwich, CT

### **Deborah Bailey (Public)**

Retired  
Lithonia, GA

### **Erin Baskett (Industry)**

Sine Qua Non Capital LLC  
Delray Beach, FL

### **Rostin Behnam (Public)**

Bloomberg  
Washington, DC

### **Timothy Carter (Public)**

Former Chief Financial Officer & Managing Director, Piper Sandler Companies  
St. Paul, MN

### **James T. Crowley (Industry)**

Pershing Advisor Solutions LLC  
Jersey City, NJ

### **Samir M. Deshpande (Public)**

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### **J. Bradford Eichler (Industry)**

Stephens, Inc.  
Little Rock, AR

### **Daniel Gallagher (Industry)**

Robinhood Markets Inc.  
Washington, DC

### **Maureen Jensen (Public)**

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Thornbury, Ontario, Canada

### **Moira A. Kilcoyne (Public)**

Retired, Chief Information Officer, Morgan Stanley  
Warwick, NY

### **Wendy Lanton (Industry)**

Herold & Lantern Investments, Inc.  
Melville, NY

### **Stephen Luparello (Public)**

Former Director, SEC Division of Trading & Markets  
Alexandria, VA

### **Derrick Roman (Public)**

Retired, PwC  
Rochester Hills, MI

### **Gus Sauter (Public)**

Jurna  
Naples, FL

### **Eric Schimpf (Industry)**

Merrill Wealth Management  
New York, NY

### **Erik Sirri (Public)**

Former Director, SEC Division of Trading and Markets  
Boston, MA

### **Jennifer Szaro (Industry)**

XML Securities, LLC  
Bethesda, MD

### **Heather Traeger (Public)**

Teacher Retirement System of Texas  
Austin, TX

### **John Vaccaro (Industry)**

MML Investors Services, LLC  
Springfield, MA

## FINRA Officers as of June 30, 2026

### **Robert W. Cook**

President and Chief Executive Officer

### **Marcia E. Asquith**

Executive Vice President, Board and External Relations

### **Richard W. Berry**

Executive Vice President, FINRA Dispute Resolution

### **Robert L.D. Colby**

Executive Vice President and Chief Legal Officer

### **Stephanie Dumont**

Executive Vice President and Chief Market Services Officer

### **Jeffrey Kalinowski**

Executive Vice President, Chief Financial and Administrative Officer

### **Omer Meisel**

Executive Vice President, Investigations

### **Eric Pickersgill**

Executive Vice President and Chief Information Security Officer

### **Steve Randich**

Executive Vice President and Chief Information Officer

### **Greg Ruppert**

Executive Vice President and Chief Regulatory Operations Officer

### **William St. Louis**

Executive Vice President, Enforcement

### **Jonathan Sokobin**

Executive Vice President and Chief Economist

### **Nathaniel Stankard**

Executive Vice President and Chief of Staff

### **Feral Talib**

Executive Vice President, Surveillance

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### **Southeast Region**

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### **Western Region**

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(301) 527-4766 (fax)

## Acronyms and Abbreviations

ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Board	FINRA's Board of Governors
CAT	Consolidated Audit Trail
CAT LLC	Consolidated Audit Trail, LLC
CEBB	CAT Executing Brokers for the Buyer
CEBS	CAT Executing Brokers for the Seller
CEO	Chief Executive Officer
CFAO	Chief Financial and Administrative Officer
CRD <sup>®</sup>	Central Registration Depository
D.C. District Court	United States District Court for the District of Columbia
ERM	Enterprise Risk Management
Exchange Act	Securities Exchange Act of 1934
FASB	Financial Accounting Standards Board
Finance Committee	Finance, Operations and Technology Committee
FINRA CAT	FINRA CAT, LLC
FINRA REG	FINRA Regulation, Inc.
FINRA <sup>®</sup>	Financial Industry Regulatory Authority, Inc. <sup>®</sup>
Foundation	FINRA Investor Education Foundation
GIA	Gross Income Assessment
IRC	Internal Revenue Code
IRPA	Independent Registered Public Accountant
Meridian	Meridian Compensation Partners, LLC
NAC	National Adjudicatory Council
NMS Plan	National Market System Plan
NOL	Net operating loss
ORF <sup>™</sup>	OTC Reporting Facility <sup>™</sup>
OTC	Over-the-Counter
PA	Personnel Assessment
PCAOB	Public Company Accounting Oversight Board
Principles	FINRA's Financial Guiding Principles
ROU	Right-of-use
SEC	U.S. Securities and Exchange Commission
SOC	Service Organization Control
SRO	Self-Regulatory Organization
TAF	Trading Activity Fees
U.S. GAAP	U.S. generally accepted accounting principles
VBO	Voluntary Buy Out
VIE	Variable Interest Entity
VIP	Voluntary Incentive Program

This Annual Financial Report and the information contained herein is for general educational and informational purposes only. The information contained herein is only timely as of the date of this report and the information, estimates and expressions of judgment herein are subject to change without notice. To the extent this Annual Financial Report contains statements that are not recitations of historical fact, such statements may constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe,” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on current expectations of future events and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. All forward-looking statements included in this Section are made only as of the date of the statement, and FINRA assumes no obligation to update any forward-looking statements made by them as a result of new information, future events, or other factors. Although FINRA takes reasonable care to ensure that the information contained in the Annual Financial Report is accurate, the information is provided “as is” and FINRA makes no representations or warranties, express or implied, regarding the information contained herein, including but not limited to any warranties regarding the accuracy, completeness or timeliness of the information provided herein. Neither FINRA nor any of its respective affiliates, directors, officers, registered representatives or employees, nor any third-party vendor, will be liable or have any liability, whether in contract, tort, strict liability or otherwise, for any direct, indirect, incidental, consequential, punitive or special damages arising out of or in any way connected with your access or use or inability to access or use the Annual Financial Report or reliance on its content. Persons considering or making investment decisions should refer to the annual, quarterly and current reports, proxy statements and other information filed by the prospective investment vehicle with the Securities and Exchange Commission (SEC) under the Securities Exchange Act of 1934, as amended. Such reports and other information may be read and copied at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, DC 20549 or obtained by mail from the Public Reference Room at prescribed rates. Such reports and other information are also available at [www.sec.gov](http://www.sec.gov). This Annual Financial Report does not incorporate by reference any other document or information.

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