

Frequently Asked Questions on the Risk Monitoring Reports

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Access to Risk Monitoring Reports:

How do I view the Risk Monitoring Reports for my firm?

The Risk Monitoring Reports are located on the Report Center. If you have access to the Report Center and are entitled to view these reports, you should log onto the Report Center (<https://reportcenter.finra.org>), click the "View Reports" link in the main navigation bar, and click the "Risk Monitoring Reports" link. (If you have access to the Report Center but do not yet have access to the Risk Monitoring Reports for your firm, the "Risk Monitoring Reports" link will not be active.)

How can I gain access to the Risk Monitoring Reports for my firm?

Please send an email to reportcenter-admin@finra.org requesting access to these reports. The Report Center team will review your firm's accounts to find out whether an account administrator has access already or will need to submit a form requesting access.

Report Specifics and Questions about the Data Provided:

Where can I find definition of the variables/terms in the report?

Below each table in the Risk Monitoring Reports, you will see a "How do I interpret this report?" link, which will open the Report Center Help document to the section covering that specific report.

What does the data in these reports indicate?

First, these reports do not indicate whether your firm has violated a specific rule or set of rules. They are designed to allow you to:

- View data trends over time and spot anomalies that may require further review
- Review valuable industry data to help you see how your firm compares to other firms
- Share data across a variety of topics with the firm's compliance team and risk managers
- Better prepare for exams and encourage dialogue with your examiners
- Confirm the accuracy of data and submitted to FINRA by clearing firms on their behalf
- Alleviate internal reporting requirements by organizing a variety of data into a formatted report, ready to print or download into Excel

Is there a quality check performed on the data?

The data in the reports is presented as it is received from various sources by FINRA. We are not able to ensure that the data submitted by or on behalf of the firm is accurate; however these reports provide you with an opportunity to review the data and confirm its accuracy.

My data is incorrect – how do I fix it?

These reports are static, meaning they will not be updated once they are produced. After a period's report is available, additional data that comes in for that period will not be reflected in the report. Your firm may wish to document for your own records that additional information and/or corrections were provided to FINRA after the reports were published.

Who is the industry in these reports?

The "industry" in these reports includes an aggregate of data submitted by or on behalf of all firms for the value and time period listed on the reports. The data is not segmented into peer groups. The industry data on the Risk Monitoring Reports is included to provide some context for the numbers in your report, and allow you to compare yourself to all firms in aggregate.

Sales Practice Complaint Report:

What does the Sales Practice Complaint Report cover?

This report displays trends in sales practice complaints, evaluated against the number of registered representatives at the firm and sales revenue of the firm.

Where can I find a list of complaint types that are considered “Sales Practice” complaints for the purposes of the Sales Practice Complaint Report?

The Help for the Sales Practice Complaint Report contains a list of all of the problem types that are considered “sales practice” problems. When viewing that report, click the “How do I interpret this report?” link below either of the tables of the report.

How often is the Sales Practice Complaint Report made available?

The report is updated on a quarterly basis, available approximately 6 weeks after the end of the quarter.

What is the source of the data in this report?

The Sales Practice Complaint Report is comprised of data from multiple systems. The sales practice complaint counts are derived from complaints submitted to FINRA per [NASD Rule 3070\(c\)](#) or [NYSE Rule 351\(d\)](#). The count of registered representatives included in the report comes from Web CRD[®]. The sales revenue comes from the Statement of Income information you provided on either the FOCUS II or IIA report for the report period.

Can I see the underlying data for this report?

If your firm submits Customer Complaints to the 3070 System, you can review submitted complaints. For details on how to view these complaints please click the “how to access underlying detail data” link found on the following page:

<http://www.finra.org/reportcenter/riskmonitoring>.

Registered Representative Composition Report:

What does the Registered Representative Composition Report cover?

This report displays trends in the profile of registered representatives associated with the firm.

How often is the Registered Representative Composition Report made available?

The report is updated on a quarterly basis, available approximately 6 weeks after the end of the quarter.

What is the source of the data in this report?

The data in the Registered Representative Composition Report comes from Web CRD[®].

Can I drill down to who the specific rep is?

Yes, from the 2nd Quarter 2009 report forward, you can request detail data for the Registered Representative Composition Report, which will indicate which reps fall into each category provided on the most recent quarter displayed on the report.

Where can I find a list of the Severely Disciplined Firms referred to in the Registered Representative Composition Report?

A link to the list of firms that have ever been severely disciplined is located within the Help for the Registered Representative Composition Report. When viewing that report, click the “How do

I interpret this report?" link below any of the tables of the report, and click the "Severely Disciplined Firms" link within the "Reps Ever Previously with a Severely Disciplined Firm Count" definition.

My rep worked for one of the firms on the Severely Disciplined list before the firm was disciplined. Why is he/she included in this count?

Reps are included in this count if they ever worked for a firm for more than 3 months that was ever severely disciplined. This does not definitively indicate that the rep is a concern; however, if the rep was trained by a firm that was eventually sanctioned, the firm may want to ensure that the rep has additional guidance.

My firm did not hire or terminate anyone in 2nd Quarter 2009. Why are my 2nd Quarter 2009 counts different than my 1st Quarter 2009 counts?

Effective 2nd Quarter 2009, the calculations for the counts provided in the Registered Representative Composition Report have been adjusted to more closely align with similar counts used by other FINRA systems. To review the specifics of the calculation changes, click the "Review details of calculation changes effective with 2nd Quarter 2009 data" link found on the following page: <http://www.finra.org/reportcenter/riskmonitoring>.

Why are there more reps than I expected in the "Reps with Arbitration/Civil Litigation Disclosures" count?

For all quarters **prior** to 2nd Quarter 2009, this count did not include reps with arbitration or civil litigation disclosures reported on Form U4. From 2nd Quarter 2009 onward, this count includes arbitration and civil litigation disclosures reported on Forms U4, U5 and U6. For all quarters **prior** to 1st Quarter 2007, representatives with Civil Judicial Disclosures were also included in this count. These representatives are no longer included in this count.

Canceled and As-Of Trades Report:

What does the Canceled and As-Of Trades Report cover?

This report displays a summary of canceled and as-of trades in equity trading activity provided to FINRA by the firm's clearing party. The report displays a rolling 12 months of data, but from the report you can also link to a daily view of each month.

How often is the Canceled and As-Of Trades Report made available?

This report is updated on a monthly basis, available approximately 2 weeks after the last day of the month.

What is the source of the data in this report?

The Canceled and As-Of Trades Report contains data submitted by self-clearing firms or by clearing firms on behalf of your firm, as required by [NASD Rule 3150](#).

Can I see the underlying data for this report?

FINRA receives this data from clearing firms. You should contact your clearing firm or internal group responsible for filing this information per [NASD Rule 3150](#) to request the underlying detail.

Why is my firm missing some data in the Canceled and As-Of Trades Report? How do I get missing data added to the report?

If there is an asterisk in the place of data in these reports, this suggests that:

- 1) The date listed is a holiday. Data is not received on holidays.
- 2) Data has not been provided to FINRA for this value for the specified period.
- 3) Data was provided to FINRA late for this value for the specified period.
- 4) Data for this value was incorrectly formatted.
- 5) Zeros have been submitted on behalf of your firm for more than 30 days. This report displays asterisks when a zero has been submitted for more than 30 consecutive days.

If you believe your firm should have data available in the report, you will need to follow up with your clearing firm to research why the data is not present. The clearing firm should submit the missing data to FINRA; *however*, the report will be static once it has been produced, so submissions after the fact will not be displayed in the report.

Why doesn't my firm have ANY data in the Canceled and As-Of Trades Report?

Some firms may be granted exemptive relief for the reporting requirements of [NASD Rule 3150](#). FINRA will generally grant exemptions to a self-clearing member who:

- a) derives, on an annualized basis, at least 85% of its revenue from transactions in fixed income securities;
- b) conducts an institutional business that settles transactions on an RVP/DVP basis, provided that such exemption from reporting shall apply only with respect to such institutional business unless FINRA determines that any other remaining business otherwise qualifies for an exemption under IM-3150 or is de minimis in nature; or
- c) does not execute transactions for customers or otherwise hold customer accounts or act as an introducing broker with respect to customer accounts (e.g., engages solely in proprietary trading, or that conducts business only with other broker-dealers or any other non-customer counter-parties).

Clearing firms may also be granted exemption with respect to one or more of the introducing firms for which it clears if the introducing firm(s) meet into one of the above reasons for exemption. Firms must request exemptive relief in writing, pursuant to the FINRA [Rule 9600 Series](#).

Customer Debits Report:

What does the Customer Debits Report cover?

This report displays a summary of unsecured customer debits and margin debits in customer accounts, as well as statistics on unsecured customer debits and margin debits in customer accounts across the industry. The report displays a rolling 12 months of data, but from the report you can also link to a daily view of each month.

How often is the Customer Debits Report made available?

This report is updated on a monthly basis, available approximately 2 weeks after the last day of the month.

What is the source of the data in this report?

The Customer Debits Report contains data submitted by self-clearing firms or by clearing firms on behalf of your firm, as required by [NASD Rule 3150](#).

Can I see the underlying data for this report?

FINRA receives this data from clearing firms. You should contact your clearing firm or internal group responsible for filing this information per [NASD Rule 3150](#) to request the underlying detail.

Why is my firm missing some data in the Customer Debits Report? How do I get missing data added to the report?

If there is an asterisk in the place of data in these reports, this suggests that:

- 1) The date listed is a holiday. Data is not received on holidays.
- 2) Data has not been provided to FINRA for this value for the specified period.
- 3) Data was provided to the FINRA late for this value for the specified period.
- 4) Data for this value was incorrectly formatted.
- 5) Zeros have been submitted on behalf of your firm for more than 30 days. This report displays asterisks when a zero has been submitted for more than 30 consecutive days.

If you believe your firm should have data available in the report, you will need to follow up with your clearing firm to research why the data is not present. The clearing firm should submit the missing data to FINRA; *however*, the report will be static once it has been produced, so submissions after the fact will not be displayed in the report.

Why doesn't my firm have ANY data in the Customer Debits report?

Some firms may be granted exemptive relief for the reporting requirements of [NASD Rule 3150](#). FINRA will generally grant exemptions to a self-clearing member who:

- a) derives, on an annualized basis, at least 85% of its revenue from transactions in fixed income securities;
- b) conducts an institutional business that settles transactions on an RVP/DVP basis, provided that such exemption from reporting shall apply only with respect to such institutional business unless FINRA determines that any other remaining business otherwise qualifies for an exemption under IM-3150 or is de minimis in nature; or
- c) does not execute transactions for customers or otherwise hold customer accounts or act as an introducing broker with respect to customer accounts (e.g., engages solely in proprietary trading, or that conducts business only with other broker-dealers or any other non-customer counter-parties).

Clearing firms may also be granted exemption with respect to one or more of the introducing firms for which it clears if the introducing firm(s) meet into one of the above reasons for exemption. Firms must request exemptive relief in writing, pursuant to the FINRA [Rule 9600 Series](#).

Customer Complaint Report:

What does the Customer Complaint Report cover?

This report displays trends in complaints submitted to FINRA via the 3070 System and Electronic Filing Platform (EFP). When a customer complaint is submitted to FINRA, the submitter must identify the product and problem classification detailed in the complaint. The report allows a firm to see complaints in two views, by problem identified in the complaint and by product for which the complaint was submitted. The report also displays the number of complaints submitted that were related to a registered representative, and the ratio of complaints per associated individuals at the firm.

How often is the Customer Complaint Report made available?

The report is updated on a quarterly basis, available approximately 4 weeks after the end of the quarter.

What is the source of the data in this report?

The complaint counts are derived from complaints submitted to FINRA's 3070 System per [NASD Rule 3070\(c\)](#) or the Electronic Filing Platform (EFP) per [NYSE Rule 351\(d\)](#). The count of associated individuals included in the report comes from Web CRD[®].

Why is this data different than the data available in the Sales Practice Complaint Report?

While the Sales Practice Complaint Report counts only complaints with Sales Practice problem codes, the Customer Complaint Report includes all complaints submitted to FINRA by your firm.

Can I see the underlying data for this report?

If your firm submits Customer Complaints to the 3070 System, you can review submitted complaints. For details on how to view these complaints please see: http://www.finra.org/web/groups/reg_systems/documents/regulatory_systems/p018083.pdf.

Guidance:

Why are these reports identified as "Risk Monitoring" Reports?

These reports provide information and trends around a variety of topics in which non-compliant activity could pose risk to investors and to the firm.

Do these reports indicate violations?

The Risk Monitoring Reports allow firms to examine trends that may indicate areas of potential compliance risk to a firm but do not necessarily indicate rule violations.

What are my responsibilities with regard to the reports?

The Risk Monitoring Reports are provided as a tool you may use in self-compliance activities. These reports provide your firm the ability to view data similar to that which FINRA uses as part of the examination process, and may help you spot anomalies in data trends that might require review. The reports also enable you to compare your firm to the industry overall, as well as confirm the accuracy of data submitted to FINRA.

How does FINRA staff utilize these reports?

FINRA staff, including examination employees, has access to these reports and may review the data in this format. It is important to note, however, that this data is not "new" to FINRA. FINRA staff has had access to this data in other formats prior to the availability of these reports. In addition, these reports do not contain the extent of the information FINRA staff reviews. The variables provided in the Risk Monitoring Reports are just some of the variables FINRA utilizes in the examination process. The intent of these reports is to assist firms in self-compliance reviews. The reports allow firms to see data similar to that which FINRA reviews as a part of the examination process so that firms can more easily monitor their own activities.

Does FINRA consider the variables in the Risk Monitoring Reports the "most important" in evaluating a firm's risk?

The variables included in the Risk Monitoring Reports are not the only variables to consider when evaluating your firm's risk, nor are they the most important variables to consider. These reports contain *some* of the information FINRA reviews as a part of the examination process;



however, the reports do not represent the entirety of data reviewed by FINRA. The reports are intended to contribute to the firm's self-monitoring and compliance activities.

Will FINRA track whether or not my firm has viewed these reports?

The Report Center contains a Usage Log, which allows entitled users at your firm to view who at the firm is using these reports. FINRA staff also has access to view the Usage Log but does not actively track usage.

Resources:

If you have additional questions about the Risk Monitoring Reports that have not been addressed, please send an email to reportcenter-admin@finra.org.