

# Office of the Ombudsman

## 2018 Report

## Office of the Ombudsman | 2018 Report

The primary mission of FINRA's Office of the Ombudsman (office) is to provide assistance to investors, brokerage firms, individual brokers, and any other business or individual who interacts with FINRA and has concerns regarding unfair treatment or inconsistent regulatory practices. As an independent, neutral and confidential source of assistance, Ombudsman staff addresses concerns and complaints, whether anonymous or not, about operations, enforcement, or other activities of FINRA and employees. The office does not replace the mechanisms FINRA already has in place to respond to the issues raised by its constituents. The office supports FINRA's mission by helping constituents to identify and evaluate options; explaining the appropriate process for resolution; when possible, referring concerns to the appropriate office or department, and monitoring the outcome; and making responsive suggestions to mitigate thematic issues from reoccurring in the future. The office will also informally facilitate the resolution of, or escalate, issues that fall outside of FINRA's established policies or processes.

As a neutral party, the Ombudsman reports directly to the Audit Committee of the Board of Governors and functions independently from other departments and FINRA management. The office does not advocate for any individual or entity—including FINRA—rather, the Ombudsman advocates for fair processes and the fair administration of those processes. When someone contacts the office for assistance, they can expect that staff will listen to their issue; ask pertinent questions; review relevant rules, policies and documents; provide feedback; and discuss available options. They also act as a source of information and referral to help constituents address their concerns at the most appropriate level within the organization. Anyone who wants to report a concern may file a confidential complaint online at [www.finra.org/about/office-ombudsman](http://www.finra.org/about/office-ombudsman) or call our toll-free number at (888) 700-0028.

Cases by Visitor Type	2016	2017	2018
Public Investor	230	220	189
Broker	369	284	256
Issuer	10	17	15
FINRA Employee	16	25	24
Firm	31	37	27
Other	100	134	112
<b>Totals</b>	<b>756</b>	<b>717</b>	<b>623</b>

- ▶ **Public Investor** - Any member of the public who currently has a brokerage account or may intend to open a brokerage account.
- ▶ **Broker** - A current or former associated person of a member firm.
- ▶ **Issuer** - A public traded company appearing on an exchange, the OTCBB, or another quotation system.
- ▶ **Firm** - Any current or former brokerage firm registered as a member of FINRA.

Cases by Category Type	2016	2017	2018
FINRA Complaints	309	292	264
Inquiries	253	214	154
Firm/Broker Complaints	124	132	136
Regulatory Tips	49	35	15
Other	21	44	54
<b>Totals</b>	<b>756</b>	<b>717</b>	<b>623</b>

- ▶ **FINRA Complaint** - A complaint regarding FINRA activities, policies, processes, staff actions, etc.
- ▶ **Inquiries** - Questions regarding FINRA's rules, policies and procedures.
- ▶ **Firm/Broker Complaints** - Complaints regarding a brokerage firm or a broker currently or formerly registered with a brokerage firm.
- ▶ **Regulatory Tip** - Reports of suspicious activity or possible securities rule violations by a brokerage firm, broker or other entity or individual regulated by FINRA.

Frequently Reported Concerns - 2018	
Broker Registration & Testing	35
Investigative/Review Processes	29
Arbitration Process	21
BrokerCheck	19
Disciplinary Process	18
OTC Market Operations	7

- ▶ **Broker Registration & Testing** - Refers to any aspect of the broker registration process, including qualifications and continuing education examinations and Forms U4 and U5 disclosures.
- ▶ **Investigative Process** - Concerns regarding any aspect of targeted cause investigations that are triggered by specific events, regulatory tips, or other regulatory concerns.
- ▶ **Review Process** - Concerns raised about the evaluation of investor complaints, new and continuing membership applications, advertising regulation reviews, and corporate finance reviews of underwritings.
- ▶ **Arbitration Process** - Concerns related to rules, policies or any other aspect of FINRA's arbitration forum.
- ▶ **BrokerCheck** - Concerns raised about the public display or accuracy of information on BrokerCheck.
- ▶ **Disciplinary Process** - Concerns raised about a pending or closed formal disciplinary proceeding's disposition or violations cited, or associated sanctions.
- ▶ **OTC Market Operations** - Concerns related to submissions made to FINRA pursuant to SEC Rule 10b-17, which requires non-exchange listed issuers to notify FINRA of certain corporate actions, such as stock symbol changes and capital distributions.