

# Office of the Ombudsman

## 2020 Report

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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 its 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; or referring concerns to the appropriate office or department, and monitoring the outcome. The office also makes 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	2018	2019	2020
Public Investor	189	198	279
Broker	256	252	271
Member Firm	27	45	43
FINRA Employee	24	38	32
Issuer	15	14	14
Misc.	112	102	102
<b>Totals</b>	<b>623</b>	<b>649</b>	<b>741</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.
- ▶ **Member Firm** – Any current or former brokerage firm registered as a member of FINRA.
- ▶ **Issuer** – A publicly traded company appearing on an exchange or another quotation system.

Cases by Category Type	2018	2019	2020
FINRA Complaints	264	310	331
Inquiries	154	153	178
Firm/Broker Complaints	136	107	159
Regulatory Tips	15	36	44
Other	54	43	29
<b>Totals</b>	<b>623</b>	<b>649</b>	<b>741</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** – A complaint regarding a currently or formerly registered brokerage firm or broker.
- ▶ **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 - 2020	
Investigative/Review Outcomes	58
Broker Testing	52
FINRA Rules & Regulations	39
Staff Actions/Responsiveness	35
Broker Disclosures	29
Arbitrator Bias or Conduct	17
Investigative/Review Delays	10
Disciplinary Process Disposition	10

- ▶ **Investigative/Review Process** – Targeted cause investigations that are triggered by specific events, regulatory tips, or other regulatory concerns; investor complaint reviews; new and continuing membership applications; advertising regulation reviews; and corporate financing reviews of underwritings.
- ▶ **Broker Testing** – Refers to the portion of the broker registration process involving qualifications and continuing education examinations, including examination content and scheduling examinations.
- ▶ **FINRA Rules & Regulations** – FINRA’s rules, regulations, or written interpretive guidance.
- ▶ **Staff Actions/Responsiveness** – Staff’s actions, behaviors, or responsiveness to constituents’ queries.
- ▶ **Broker Disclosures** – Refers to the portion of the broker registration process regarding Forms U4 and U5 disclosures and their public display on BrokerCheck.
- ▶ **Arbitrator Bias or Conduct** – Concerns about an arbitrator’s conduct or perceived bias in FINRA’s arbitration forum.
- ▶ **Disciplinary Process Disposition** – Pending or closed formal disciplinary proceedings’ outcomes, violations cited, or associated sanctions.

