

FINRA Investor Survey
SURVEY RESULTS – 11/3/14
ARC #1395

METHODOLOGY: Online survey of 1,000 adult (age 21 and above) U.S. investors. All investors must be the primary decision-maker or share decision-making responsibilities in the household. All respondents must have at least \$10,000 in securities investments, part of which must include taxable non-retirement accounts. Survey conducted October 7 through October 9, 2014 (n=500) and October 27 through October 29, 2014 (n=500).

A. [Screening and Investor Behavior]

Thank you for taking the time to answer this survey. This survey is being conducted on behalf of a private, non-profit organization, to study public opinion regarding investments and financial services firms. Please be assured that **all of your answers will be completely ANONYMOUS and CONFIDENTIAL**. Therefore, please try to answer these questions as openly and honestly as possible.

A1. Are you a U.S. citizen or resident?

1. Yes
2. No [TERMINATE]

A2. Age

1. Under 21 [TERMINATE]
2. 21-29 **18%**
3. 30-39 **20%**
4. 40-49 **16%**
5. 50-59 **13%**
6. 60-69 **20%**
7. 70 or older **13%**

A3. Gender

1. Male **49%**
2. Female **51%**

For the purposes of this survey, **investments** include stocks, bonds, and mutual funds, but do NOT include bank accounts or property such as homes, cars, artwork or antiques.

A4. Which of the following best describes the situation in your household with regards to investments?

1. I am the primary decision-maker when it comes to making investments for my household **77%**
2. I share the decision-making responsibility when it comes to making investments for my household **23%**
3. I do not participate in decisions when it comes to making investments for my household [TERMINATE]

- A5. Do you currently have investments in a tax-deferred retirement account, such as a 401(k), an IRA, or a 529?
1. Yes **92%**
 2. No **8%**
 3. Don't Know **[TERMINATE]**
- A6. Do you currently have investments—such as stocks, bonds or mutual funds—in a taxable brokerage account or investment advisory account, that is, an account where the taxes are NOT deferred until retirement?
1. Yes
 2. No **[TERMINATE]**
 3. Don't Know **[TERMINATE]**
- A7. What type of institution do you use to manage your taxable investment accounts? Select all that apply. **[SELECT MULTIPLE]**
1. A traditional brokerage firm (e.g. Morgan Stanley Smith Barney) **46%**
 2. A self-directed online brokerage (e.g. E*Trade) **30%**
 3. A bank (e.g. Bank of America, Wells Fargo) **32%**
 4. An independent advisor or broker **20%**
 5. A Mutual fund/investment management firm (e.g. Fidelity, Vanguard, T. Rowe Price) **28%**
 6. Other (please specify)_____ **3%**
- A8. What is the approximate total value of all of your investments (including retirement accounts)?
1. Less than \$2,000 **[TERMINATE]**
 2. \$2,001 - \$5,000 **[TERMINATE]**
 3. \$5,001 - \$10,000 **[TERMINATE]**
 4. \$10,001 - \$25,000 **7%**
 5. \$25,001 - \$50,000 **9%**
 6. \$50,001 - \$100,000 **14%**
 7. \$100,001 - \$200,000 **22%**
 8. \$200,001 - \$500,000 **22%**
 9. \$500,001 - \$1,000,000 **15%**
 10. Over \$1,000,000 **12%**
 11. Don't know/Not sure **[TERMINATE]**
- A9. In the past twelve months, approximately how many times have you bought or sold investments (not including contributions to investment accounts through payroll deductions or automatic bank transfers)?
1. None **26%**
 2. 1 to 3 times **35%**
 3. 4 to 10 times **24%**
 4. More than 10 times **15%**

A10. Which of the following have you bought or sold in the past twelve months? Select all that apply. **[ACCEPT MULTIPLE]**

- | | |
|---|------------|
| 1. Individual stocks | 70% |
| 2. Individual bonds | 33% |
| 3. Mutual funds | 51% |
| 4. Exchange Traded Funds (ETFs) | 27% |
| 5. Annuities | 20% |
| 6. Precious metals or other commodities | 17% |
| 7. Structured products (e.g. options, swaps, forwards, futures) | 15% |
| 8. Other | 2% |
| 9. None of the above | 1% |
| 10. Don't know/Don't remember | 1% |

A11. Over the next 12 months, do you expect to:

- | | |
|---|------------|
| 1. Put more money into investments | 49% |
| 2. Maintain your investments at their current level | 37% |
| 3. Take money out of your investments | 8% |
| 4. Don't know/not sure | 6% |

A12. Which of the following best describes your current investment style?

- | | |
|---|------------|
| 1. I make all my investment decisions on my own without the help of a broker or professional advisor. | 48% |
| 2. I make some decisions on my own and some with the help of a broker or professional advisor. | 38% |
| 3. I let my broker or professional advisor make all my decisions for me. | 14% |

B. [Confidence in Fairness of Markets]

B1. Over the last year, have you become ...

1. More confident that financial markets are operating fairly for all investors **42%**
2. Less confident that financial markets are operating fairly for all investors **16%**
3. Neither more nor less confident **42%**

B2. How confident are you that U.S. financial markets are effectively regulated to protect investors from fraud and abusive sales practices?

Mean = 6.78

Not at all Confident							Extremely Confident		
1	2	3	4	5	6	7	8	9	10

B3. How confident are you that U.S. financial markets offer good long-term opportunities for investors?

Mean = 7.41

Not at all Confident							Extremely Confident		
1	2	3	4	5	6	7	8	9	10

B4. How confident are you that U.S. financial regulators are able to keep up with new market developments, investment vehicles and investment technologies?

Mean = 6.90

Not at all Confident							Extremely Confident		
1	2	3	4	5	6	7	8	9	10

B5. How confident are you that U.S. financial markets are fair to all investors?

Mean = 6.57

Not at all Confident							Extremely Confident		
1	2	3	4	5	6	7	8	9	10

C. [Importance of Regulation and New Investor Protections]

C1. Please rate your agreement or disagreement with each of the following statements.

[RANDOMIZE ITEMS]	Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree	Don't Know
1. It's important to me that financial professionals and financial firms follow the rules.	1 2%	2 2%	3 17%	4 78%	5 1%
2. It's important to me that there is a "cop on the beat" to protect investors and police the markets.	1 2%	2 3%	3 30%	4 62%	5 3%
3. It's important to me that the markets offer a level playing field for both big and little investors.	1 2%	2 3%	3 24%	4 70%	5 2%
4. It's important to me that regulators use the latest tools and technology to protect investors.	1 2%	2 3%	3 24%	4 70%	5 2%

C2. Would you support or oppose the introduction of additional regulatory protections to further safeguard investors from misconduct by brokers or brokerage firms?

1. Support **74%**
2. Oppose **9%**
3. Don't Know **17%**

C3. Would additional protections for investors make you more confident about investing?

1. Yes **70%**
2. No **14%**
3. Don't know **16%**

C4. Would additional protection for investors encourage you to invest more in the markets?

1. Yes **56%**
2. No **24%**
3. Don't know **20%**

C5. If additional regulatory protections for investors led to a minimal increase in the costs that brokerage firms passed on to you, would you support or oppose the introduction of those additional protections?

1. Support **56%**
2. Oppose **22%**
3. Don't know **22%**

C6. How important are the following regulatory actions to your feelings of confidence in the markets for stocks, bonds, and mutual funds?

[RANDOMIZE]	Not At All Important	Somewhat Important	Moderately Important	Very Important	Don't Know
1. Requiring brokers to register publicly and disclose their professional history, including past complaints or problems	1 1%	2 8%	3 28%	4 60%	99 3%
2. Conducting periodic on-site visits to verify that brokerage firms are following all rules and regulations	1 2%	2 9%	3 33%	4 53%	99 4%
3. Reviewing all brokerage firms advertising to ensure compliance with rules	1 2%	2 12%	3 31%	4 52%	99 3%
4. Disciplining brokers who break the rules with fines, suspensions or revocation of licenses	1 1%	2 6%	3 19%	4 72%	99 3%
5. Disclosing all instances of rule-breaking by firms or individual brokers to the public	1 1%	2 6%	3 27%	4 64%	99 2%
6. Detecting when unsuitable securities are being sold to investors	1 2%	2 7%	3 26%	4 62%	99 4%
7. Detecting when brokers are making trades that benefit them and not the investor	1 2%	2 6%	3 22%	4 68%	99 3%
8. Detecting when firms are taking risks that potentially harm their investors and the financial system	1 2%	2 6%	3 25%	4 64%	99 4%
9. Monitoring which products firms are selling to investors and when there is a sudden change or unusual product concentration	1 2%	2 8%	3 31%	4 54%	99 5%

D. [Investor Perceptions of Threats to Fairness]

D1. In your opinion, how much of a threat to fairness is each of the following in financial markets today?

	Little Threat to Fairness								A Great Threat to Fairness	
1. Illegal or unethical acts by financial professionals and firms Mean = 7.82	1	2	3	4	5	6	7	8	9	10
2. The use of high-speed, computerized trading strategies that are not available to the general public Mean = 7.48	1	2	3	4	5	6	7	8	9	10
3. Insider access to financial information that is not available to the general public Mean = 8.02	1	2	3	4	5	6	7	8	9	10
4. Insufficiently strict rules and regulations for the financial sector Mean = 7.47	1	2	3	4	5	6	7	8	9	10
5. Insufficient oversight and enforcement of existing rules and regulations Mean = 7.76	1	2	3	4	5	6	7	8	9	10

E. [Demographics]

E1. Into which of the following categories does your annual household income fall?

- | | |
|---------------------------|------------|
| 1. Less than \$25,000 | 5% |
| 2. \$25,000 to \$50,000 | 16% |
| 3. \$50,000 to \$60,000 | 12% |
| 4. \$60,000 to \$75,000 | 12% |
| 5. \$75,000 to \$100,000 | 21% |
| 6. \$100,000 to \$150,000 | 20% |
| 7. \$150,000 to \$250,000 | 10% |
| 8. More than \$250,000 | 4% |
| 9. Prefer not to say | 1% |

E2. When did you first start investing?

- | | |
|----------------------------|------------|
| 1. Within the past 2 years | 5% |
| 2. 2 to 5 years ago | 15% |
| 3. 6 to 10 years ago | 19% |
| 4. 11 to 15 years ago | 16% |
| 5. 16 to 20 years ago | 10% |
| 6. More than 20 years ago | 35% |

E3. Which of the following best describes your race or ethnicity?

- | | |
|------------------------------|------------|
| 1. Black or African-American | 8% |
| 2. White or Caucasian | 77% |
| 3. Hispanic or Latino(a) | 5% |
| 4. Asian/Pacific Islander | 9% |
| 5. Native American | 0% |
| 6. Other | 1% |
| 7. Prefer not to say | 0% |

E4. What is your current marital status?

- | | |
|----------------------|------------|
| 1. Married | 65% |
| 2. Domestic Partner | 4% |
| 3. Divorced | 8% |
| 4. Widowed | 5% |
| 5. Single | 18% |
| 6. Prefer not to say | 0% |

E5. How many children do you have under the age of 21 living with you?

- | | |
|----------------------|------------|
| 1. 0 | 57% |
| 2. 1 | 19% |
| 3. 2 | 17% |
| 4. 3 | 6% |
| 5. 4 or more | 2% |
| 6. Prefer not to say | 0% |

E6. Which describes the highest level of education you have attained?

- | | |
|-------------------------|------------|
| 1. Some high school | 0% |
| 2. High school graduate | 11% |
| 3. Some college | 19% |
| 4. College degree | 32% |
| 5. Some graduate work | 7% |
| 6. Graduate degree | 31% |
| 7. None of the above | 0% |
| 8. Prefer not to say | 0% |

E7. Which of the following best describes your current employment or work status?

- | | |
|---|------------|
| 1. Work full-time outside the home | 50% |
| 2. Work part-time outside the home | 7% |
| 3. Paid by an employer but work at home | 1% |
| 4. Self-employed | 7% |
| 5. Homemaker | 7% |
| 6. Student | 1% |
| 7. Unemployed | 2% |
| 8. Retired | 26% |
| 9. Prefer not to say | 1% |

E8. What State do you live in?

1. [DROP DOWN MENU]

E9. What is the approximate total value of your assets (including savings, investments, real estate)?

- | | |
|------------------------------|------------|
| 1. Less than \$50,000 | 5% |
| 2. \$50,000 - \$100,000 | 11% |
| 3. \$100,000 - \$200,000 | 17% |
| 4. \$200,000 - \$500,000 | 25% |
| 5. \$500,000 - \$750,000 | 14% |
| 6. \$750,000 - \$1 million | 11% |
| 7. \$1 million – \$5 million | 15% |
| 8. More than \$5 million | 2% |
| 9. Don't know/Not sure | 1% |