

How FINRA Serves Investors and Members

As a not-for-profit, self-regulatory organization (SRO) with an 85-year history, FINRA's mission is to protect investors and safeguard the integrity of our vibrant capital markets to ensure that everyone can invest with confidence. We advance this mission in many ways:

- ✓ FINRA actively engages with member firms (more than 3,250 member firms with more than 625,000 registered representatives) to create compliance resources such as [templates](#), [checklists](#), [report cards](#) and other [tools](#) and [resources](#) that help members develop policies, procedures and programs that ultimately protect investors.
- ✓ FINRA writes rules for its member firms, conducts [examinations](#), monitors the markets, and [enforces](#) FINRA and Municipal Securities Rulemaking Board rules and federal securities laws. FINRA orders restitution for harmed investors and removes bad actors that put both investors and member firms at risk.
- ✓ FINRA offers [conferences, meetings and educational](#) resources responding to the real-world compliance challenges and questions identified by member firms.
- ✓ FINRA provides services that benefit member firms, markets and investors. For example:
 - FINRA operates services like [BrokerCheck](#) and the [Central Registration Depository](#), the central licensing and registration system for the U.S. securities industry and its regulators.
 - FINRA's [TRACE](#) platform has brought unprecedented transparency to transactions in corporate bonds and other fixed-income instruments.
 - FINRA operates a [dispute resolution forum](#) for securities-related arbitrations and mediations for member firms and their customers.
- ✓ FINRA provides extensive investor education and offers various investor resources — like its [Securities Helpline for Seniors](#) — to provide direct, practical assistance to investors.

Advantages of an SRO

- ✓ **Raising the standard of conduct.** As an SRO, FINRA has established ethics requirements and detailed business conduct rules that can deter dishonest and unfair practices.
- ✓ **Not taxpayer funded, not-for-profit.** As an SRO, FINRA is funded by member firms and other sources, which eliminates the need for government expenditures. As a not-for-profit SRO, we target break-even cash flows in line with our [financial guiding principles](#).
- ✓ **Access to expertise.** As an SRO, FINRA has well-established processes to involve member firms in regulation — including through 13 standing advisory committees — by asking for their feedback on rule proposals, regulatory initiatives and industry issues and, thus, benefits from their expertise.
- ✓ **Positioned to move quickly.** FINRA draws on its member firm intelligence and independent funding to adapt quickly to market changes and develop technology systems to support efficient oversight and regulation.
- ✓ **Practical resources and industry-wide services.** FINRA can provide ready-to-use information and compliance tools for member firms and investors, as well as operate industry-wide services that support vibrant markets.

Checks and Balances

As an SRO, FINRA's governance is designed to ensure that its Board of Governors, committees and staff work together in the public interest:

- ✓ FINRA is overseen by a majority-public [Board of Governors](#) with other seats held by industry Governors and FINRA's CEO. The public Governors must have no material business relationship with a broker-dealer or SRO. Industry Governors must be associated with member firms with a range of sizes and business models, and include elected representatives of member firms.
- ✓ FINRA's extensive committee structure includes [advisory committees](#), [regional committees](#) and [ad hoc committees](#) that play an important role in the development of rules and other initiatives by providing feedback on proposals and identifying emerging regulatory concerns.
- ✓ FINRA is subject to robust oversight by the Securities and Exchange Commission. FINRA is regularly examined by the SEC. FINRA's rules are subject to review and approval by the SEC, generally following a public comment period. And the Government Accountability Office is required to review the SEC's oversight of FINRA every three years. FINRA is transparent about its activities and finances, with [publicly available reports](#) on its budget, financial performance and use of fine monies. Governed by FINRA's Financial Guiding Principles, FINRA's use of fine monies is accounted for separately and approved by the Board of Governors only for specified purposes.