



Financial Industry Regulatory Authority

We're here to protect, educate  
and inform investors.

Get to know us.

**FINRA is the Financial Industry Regulatory Authority. We're an independent, not-for-profit organization with a public mission: to protect America's investors by making sure the securities industry operates fairly and honestly. We do that by writing and enforcing rules governing the activities of nearly 4,500 securities firms with approximately 636,000 brokers. By examining firms for compliance with those rules. By fostering market transparency. And by educating investors.**

**Our independent regulation plays a critical role in America's financial system—by enforcing high ethical standards, bringing the necessary resources and expertise to regulation and enhancing investor safeguards and market integrity—all at no cost to taxpayers.**

**FINRA continues that tradition today with a commitment to protect investors through strong enforcement and effective investor education. Because in an often unpredictable marketplace, investors need to know someone is looking out for them.**

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# who we serve

## Every U.S. investor, every day.

Newlyweds planning to buy a home. Parents saving for a child's college education. Seniors depending on a secure retirement.

Every one of the 53 million American investing households that FINRA serves has unique needs, but all rely on one thing: fair financial markets. Working with the federal government, we are every investor's advocate—for stronger protections and a healthier marketplace.



# what we do

**Empowered by the federal government, we're here to protect American investors from fraud and bad practices.**

**Safeguard the investing public against fraud and bad practices.** FINRA writes and enforces rules and regulations for every single brokerage firm and broker in the United States. We also investigate and discipline brokers and firms that violate the public trust.

**Examine firms.** Every day, hundreds of professionally trained FINRA financial examiners are in the field taking a close look at the way brokers operate, with a focus on the greatest risks to the markets and investors. We conduct routine examinations, as well as inquiries based on investor complaints and suspicious activity. We consult with other regulators, determine examination priorities and conduct special “sweeps” to target issues of immediate concern.

**Enforce industry rules and federal securities laws.** We foster investor confidence through vigorous enforcement. We can bring disciplinary actions against firms or individuals, meaning we can fine them, suspend them—even expel them—from the business. And we frequently require firms to provide restitution to investors who have been harmed.

**Register, test and educate brokers.** We require all brokers to be licensed and registered by FINRA, pass our qualification exams and satisfy continuing education requirements. As a result, FINRA maintains the largest and most sophisticated online registration and reporting system in the world—known as the Central Registration Depository. In addition, our BrokerCheck® system allows investors to check out the professional and disciplinary backgrounds of firms and brokers online: [www.finra.org/brokercheck](http://www.finra.org/brokercheck).



**Every firm and broker that sells securities in the U.S. must be licensed and registered by FINRA:**

**4,500 securities firms**

**164,000 branch offices**

**636,000 registered securities representatives**

**Review communications from firms to investors.** We require that all broker advertisements, websites, sales brochures and other communications present information in a fair and balanced manner. And certain communications—those related to mutual funds, variable products and options—must be filed directly with FINRA. Every year, FINRA reviews more than 90,000 individual advertisements and communications from firms to investors.

**Monitor the markets.** We monitor what’s happening in the U.S. stock market—by looking for suspicious trading activity in all stocks, bonds and options traded on the New York Stock Exchange, NYSE Arca, NYSE Amex, NASDAQ Stock Market and the International Securities Exchange.

**Educate and inform investors.** We believe an essential component to investor protection is investor education. We offer a range of free educational resources to help investors build their financial knowledge to better understand the markets and basic principles of saving and investing. The FINRA Investor Education Foundation is the largest of its kind in the U.S.: [www.finrafoundation.org](http://www.finrafoundation.org).

**Hear disputes.** When problems between brokers and investors occur, we administer the largest [forum](#) specifically designed to resolve securities-related disputes between and among investors, securities firms and individual brokers. We have 72 hearing locations around the country—including at least one in each state—and in London and Puerto Rico.

# why our role matters

**Every day FINRA works to ensure investors receive the basic protections they deserve—regardless of what kind of financial product they buy or who sells it to them.**

Every investor deserves fundamental protections when investing in the stock market. Whether Americans are investing in a 401(k) or other thrift, savings or employee benefit plan, or in a mutual fund, ETF or variable annuity, FINRA works every day to ensure that:

- 1** anyone who sells a securities product has been officially tested, qualified and licensed
- 2** every securities product advertisement used is truthful, and not misleading
- 3** any securities product promoted or sold to an investor is suitable for that investor's needs
- 4** investors receive complete disclosure about the investment product before purchase



**More than 53 million American households are invested in the U.S. capital markets. FINRA is every investor's advocate—for stronger protections and a healthier marketplace.**

**Greater transparency strengthens financial markets and empowers investors.** FINRA offers tools to track price and yield data for fixed income securities. Our Trade Reporting and Compliance Engine (TRACE) system helps all investors better monitor their investments by putting timely and accurate sales and pricing information for [corporate and agency bonds](#) in their hands.

**Alert investors are better investors.** FINRA [teaches](#) investors how to avoid becoming victims—making them aware of the latest investment scams and showing them how to identify common techniques used by unlicensed agents selling phony products. The more information investors have, the safer they'll be.

**Investors need and want more knowledge about investing.** Today, 100 million Americans are entering or nearing retirement, but many haven't saved enough—and simply don't know enough about saving and investing. By offering unbiased [information](#), tools and guidance to investors, FINRA makes it easier to navigate retirement and avoid common investing pitfalls.

# how we make a difference

## FINRA is every investor's advocate.

When an elderly investor was overcharged as much as \$1.2 million in commission fees, FINRA took action. Our investigation found that APS Financial Corporation overcharged several customers on 59 transactions, 43 of which involved the elderly investor's account. APS didn't disclose the mark-ups to the customers, and in some cases, charged fees as high as 67 percent. FINRA [expelled](#) the Texas firm and barred the firm's former president and a broker from the securities industry.

In another case, FINRA [barred](#) a registered sales assistant from the securities industry for misappropriating nearly \$750,000 from 22 vulnerable customers, some of whom were elderly or ill. FINRA also fined the assistant's employer, Citigroup Global Markets, Inc., for supervisory lapses that allowed the misconduct to continue.

When a broker switched his elderly and unsophisticated customers in and out of mutual funds without their permission, FINRA took action. As a result of the scheme, the broker, William Bailey, received commissions on the sales charges and trading fees generated by the unauthorized trades. FINRA [suspended](#) Bailey for two years for improperly trading in customer accounts.

When Morgan Keegan marketed and sold bond funds to investors with sales material that contained exaggerated claims and didn't accurately disclose the funds' risks, FINRA worked to ensure the investors got their money back. Morgan Keegan [agreed to pay](#) restitution of \$200 million to investors who bought shares of the seven bond funds.

**We set high ethical standards for financial firms.** One of our top priorities is to ensure that firms are operating fairly and openly with investors. Firms regulated by FINRA are subjected to strict regulatory requirements, including rules for broker conduct and examinations and vigorous enforcement to ensure that those rules are followed.

**We offer innovative tools to help investors make the right choices.** Want up-to-the-minute market news and information? Go to FINRA's [Market Data Center](#). Wonder how all those mutual fund fees impact your investment? Use FINRA's [Fund Analyzer](#) to find out.

**We help employees save for—and protect—their futures.** We work to make sure that investors steer clear of fraud and other problems that stand in the way of financial security. FINRA's [BrokerCheck](#) helps investors check a broker's disciplinary background—and whether he or she is licensed. Our [Risk Meter](#) enables investors to determine if they share characteristics and behavior traits that may make them more vulnerable to investment fraud. And, our [Scam Meter](#) can help investors assess whether an investment opportunity is too good to be true.

**We alert investors about new product pitfalls.** When we have a serious concern about a new investment product, we share it with investors by publishing [investor alerts](#).



**FINRA's BrokerCheck system provides background information about firms and brokers—including disciplinary history—free of charge:**

[www.finra.org/brokercheck](http://www.finra.org/brokercheck)



# where you can find us



## On the Web and throughout the U.S.

**Our website, [www.finra.org](http://www.finra.org)**, has a wealth of information and tools to help investors make better sense of saving and investing, manage money more wisely and steer clear of risky situations. We offer unbiased information that helps investors learn how to protect themselves and invest for the future.

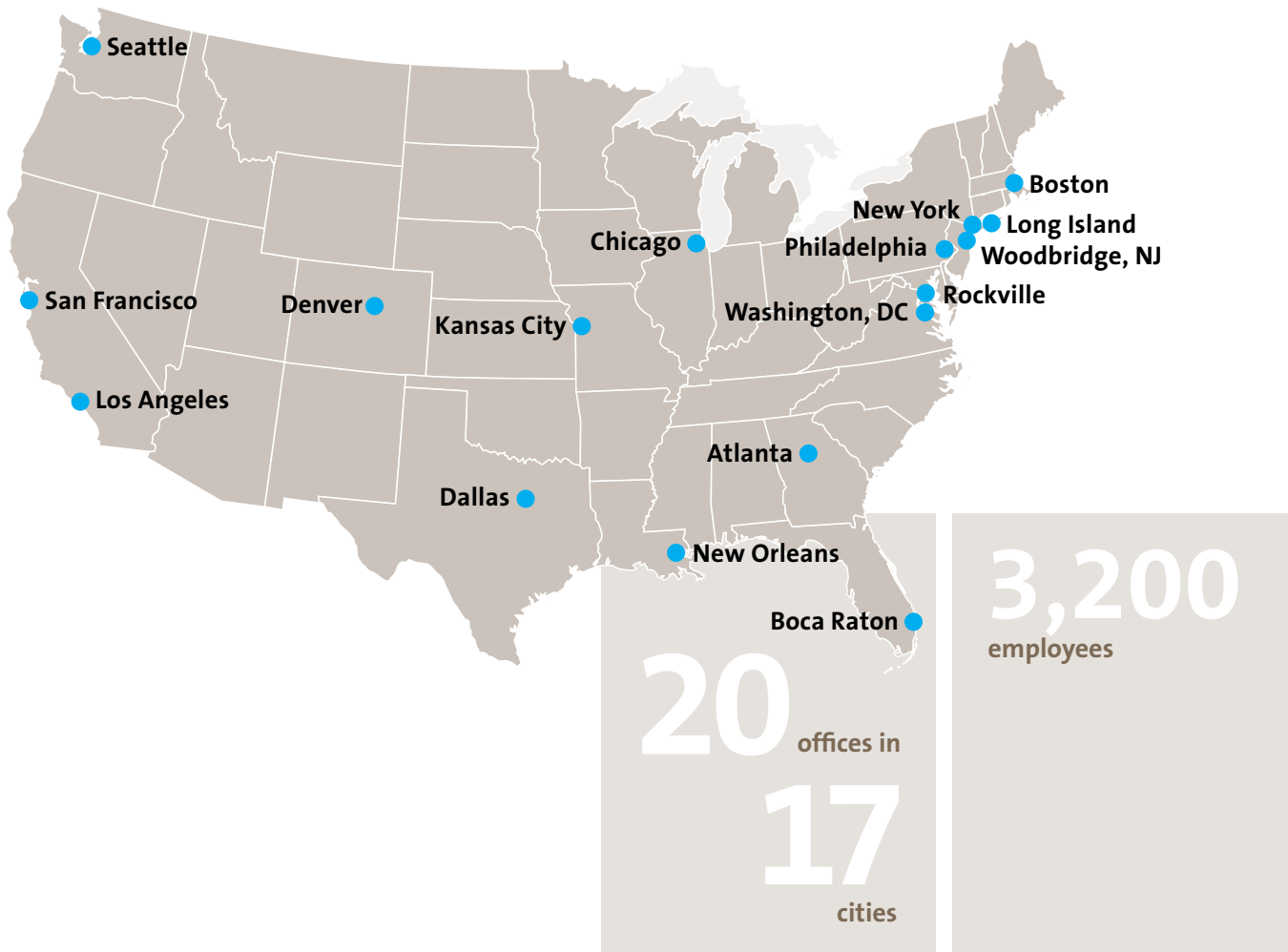
Easy to access and easy to use, [www.finra.org](http://www.finra.org) alerts investors about new investment scams, explains which professional titles are real and which aren't and offers advice on how to weather tough financial times. All the financial tools mentioned before—plus more—can be found here.

FINRA's website places critical financial information all in one place. Whether they want to learn more about annuities and insurance, or stocks, bonds and mutual funds, investors can find unbiased information and tools they can trust.

**We're located in communities across America.** With 20 offices and nearly 3,200 employees deployed throughout the country, FINRA is dedicated to ensuring that our nation's financial markets are fair and honest.

And because we operate in the communities where firms do business and disputes actually occur, we understand emerging issues affecting investors right in their own neighborhoods. This strength serves us well and it serves investors well.

Please visit [www.finra.org](http://www.finra.org) to learn how FINRA protects you and what you can do to protect yourself.





Investor protection. Market integrity.

1735 K Street, NW  
Washington, DC  
20006-1506

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